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NATIONAL  
QUALIFICATIONS  
2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
PROJECT  
Credit Level

**TITLE: Just Scotland**

## Instructions to Candidates

1. This project is a part of your assessment for Accounting and Finance.

The solution to the project **must** be your own work.

You are allowed to look at books and at work you have done before. You may also ask your teacher questions. However, the more of the project you are able to do correctly on your own, the greater your chance of a better award.

2. You **must not** take any project work or material out of school.
3. The project should take approximately 15 hours.
4. The task marked \* **must** be done on a computer. Take a printout of the completed work, mark it clearly with your name and school and attach it securely in your other solutions. If you wish, you may do all of the tasks on the computer.
5. The task marked \* **must** be attempted and evidence provided. If evidence is not provided, **no grade** may be awarded to the project and **no overall grade** may be awarded for Accounting and Finance.
6. It is important that your work is neat and tidy.

Candidates are reminded that work undertaken outwith the examination room which is submitted in fulfilment of the requirements of the examination must be the sole work of the candidate concerned. Where it is established that work submitted by a candidate has been done in whole or in part by another person, the Scottish Qualifications Authority may cancel the candidate's presentation in any or all of the subjects of presentation.

## Background

Maggie Macleod has been running her own business selling a variety of Scottish souvenirs. Maggie has little time to prepare the accounts and you have agreed to take over this job.

Maggie presents you with the following Trial Balance for the first 11 months of the financial year and points out that the totals do not agree.

### Trial Balance as at 31 August 2011

|   | DR                | CR                |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Premises  | 14,610.00         |                   |
| Purchases and Sales                                     | 13,748.50         | 24,971.60         |
| Sales Returns and Purchases Returns                     | 264.50            | 116.25            |
| Stock   | 575.25            |                   |
| Wages   | 1,760.00          |                   |
| Electricity   | 2,678.00          |                   |
| Carriage In   | 316.90            |                   |
| Bank  | 3,731.50          |                   |
| Insurance   | 1,200.00          |                   |
| Rent  | 1,320.00          |                   |
| Fixtures and Fittings                                   | 8,659.50          |                   |
| Discount Allowed and Discount Received                  | 115.00            | 100.20            |
| Advertising   | 1,410.00          |                   |
| Equipment   | 5,000.00          |                   |
| Provision for Depreciation on Equipment (20% per annum) |                   | 1,000.00          |
| Drawings  | 8,670.00          |                   |
| Capital   |                   | 23,000.00         |
| Bank Loan   |                   | 14,000.00         |
| Debtors: Hebridean Hobbies                              | 1,198.50          |                   |
| Celtic Pins   | 666.75            |                   |
| Creditors: Scottish Gift Ideas                          |                   | 310.75            |
| Highland Kilts  |                   | 1,615.35          |
| Cash  | 1,000.00          |                   |
| VAT   |                   | 1,343.25          |
| Provision for Bad Debts                                 |                   | 60.00             |
|   | <b>£66,924.40</b> | <b>£66,517.40</b> |

#### Task 1

Open all the appropriate ledger accounts to record the balances as at 31 August 2011.

# Recording Transactions for the Month

## Task 2

Use the information from the documents below and on pages 5–11 to complete the ledger accounts for September 2011.

|                            |                          |
|----------------------------|--------------------------|
| CASH RECEIPT               |                          |
| <i>12 September</i>        | <i>20 11</i>             |
| <hr/>                      |                          |
| <i>Advertising</i>         |                          |
| <hr/>                      |                          |
| <i>£85.42 + VAT £17.08</i> |                          |
| <hr/>                      |                          |
| No: <i>2060</i>            | Signed: <i>G Elliot</i>  |
|                            | (for Budget Advertisers) |

|                             |              |
|-----------------------------|--------------|
| <b>Bayhead Savings Bank</b> |              |
| CHEQUE COUNTERFOIL          |              |
| <i>2 September</i>          | <i>20 11</i> |
| <hr/>                       |              |
| <i>Loan Repayment</i>       |              |
| <hr/>                       |              |
| <i>£2,625</i>               |              |
| <hr/>                       |              |
| <hr/>                       |              |
| <hr/>                       |              |
| <b>00812</b>                |              |

|                             |              |
|-----------------------------|--------------|
| <b>Bayhead Savings Bank</b> |              |
| CHEQUE COUNTERFOIL          |              |
| <i>4 September</i>          | <i>20 11</i> |
| <hr/>                       |              |
| <i>Electricity £274</i>     |              |
| <hr/>                       |              |
| <i>VAT £54.80</i>           |              |
| <hr/>                       |              |
| <hr/>                       |              |
| <hr/>                       |              |
| <b>00813</b>                |              |

**Bayhead Savings Bank**

CHEQUE COUNTERFOIL

7 September 20 11

Highland Kilts

£1,534.58

In full settlement

00814

**Bayhead Savings Bank**

CHEQUE COUNTERFOIL

8 September 20 11

Wages

£786

00815

**Bayhead Savings Bank**

CHEQUE COUNTERFOIL

21 September 20 11

Cash

£300

00816

**Bayhead Savings Bank**

CHEQUE COUNTERFOIL

21 September 20 11

Insurance

£750

00817

**Bayhead Savings Bank**

PAY-IN ACKNOWLEDGEMENT

23 September 20 11

Sales £1,287.80

+ VAT £257.56

Tellers' Date Stamp  
and Initials



**Bayhead Savings Bank**

PAY-IN ACKNOWLEDGEMENT

29 September 20 11

Sales £893.00

+ VAT £178.60

Tellers' Date Stamp  
and Initials



# INVOICE

## Scottish Gift Ideas

Orchard Brae  
EDINBURGH  
EH4 1NY

Tel No: 0131-7105007  
VAT Reg No: 3244



To: Just Scotland  
Canada Crescent  
STORNOWAY  
Isle of Lewis  
HS1 2EH

Invoice No: 6293

Date: 17 September 2011

Terms: 5% one month

| Quantity | Description       | Unit Price | Total   |
|----------|-------------------|------------|---------|
| 16 only  | Cuddly Westie Dog | £5.95      | £95.20  |
| 18 only  | Huggable Cow Toy  | £4.25      | £76.50  |
| 25 only  | Nessie Soft Toy   | £2.15      | £53.75  |
|          |                   |            | £225.45 |
|          | VAT @ 20%         |            | £42.83  |
|          | TOTAL TO PAY      |            | £268.28 |

# INVOICE

## Pets' Tartan Accessories

Seafield Road  
EDINBURGH  
EH12 6NY

Tel No: 0131-554211  
VAT Reg No: 71832



To: Just Scotland  
Canada Crescent  
STORNOWAY  
Isle of Lewis  
HS1 2EH

Invoice No: 8763

Date: 5 September 2011

| Quantity | Description           | Unit Price | Total   |
|----------|-----------------------|------------|---------|
| 10 only  | Tartan Car Dog Cradle | £21.20     | £212.00 |
| 5 only   | Tartan Dog Coat       | £67.37     | £336.85 |
| 7 only   | Tartan Dog Collar     | £33.75     | £236.25 |
|          |                       |            | £785.10 |
|          | VAT @ 20%             |            | £157.02 |
|          | TOTAL TO PAY          |            | £942.12 |
|          |                       |            |         |

# - INVOICE -

*Just Scotland*  
 Canada Crescent  
 STORNOWAY  
 Isle of Lewis  
 HS1 2EH



Tel No: 01851-704687  
 VAT Reg No: 132587

To: Wholesale Gifts  
 Stevenson Road  
 EDINBURGH  
 EH11 2SP

Invoice No: 5169

Date: 6 September 2011

Terms: Strictly Net

| Quantity | Description           | Unit Price | Total  |
|----------|-----------------------|------------|--------|
|          |                       | £          | £      |
| 40 boxes | Raspberry Shortcake   | 2.25       | 90.00  |
| 51 boxes | Lemon Shortcake       | 2.20       | 112.20 |
| 35 boxes | All Butter Shortbread | 2.45       | 85.75  |
|          |                       |            | 287.95 |
|          | VAT @ 0.00%           |            | 0.00   |
|          | TOTAL TO PAY          |            | 287.95 |



# - INVOICE -

*Just Scotland*  
 Canada Crescent  
 STORNOWAY  
 Isle of Lewis  
 HS1 2EH



Tel No: 01851-704687  
 VAT Reg No: 132587

To: Celtic Pins  
 Muirhouse Green  
 EDINBURGH  
 EH2 24QX

Invoice No: 5170

Date: 14 September 2011

Terms: Strictly Net

| Quantity | Description           | Unit Price | Total    |
|----------|-----------------------|------------|----------|
|          |                       | £          | £        |
| 30 only  | Clan Crest Kilt Pins  | 17.00      | 510.00   |
| 30 only  | Clan Crest Lapel Pins | 15.00      | 450.00   |
|          |                       |            | 960.00   |
|          | VAT @ 20%             |            | 192.00   |
|          | TOTAL TO PAY          |            | 1,152.00 |
|          |                       |            |          |

# - CREDIT NOTE -

*Just Scotland*  
 Canada Crescent  
 STORNOWAY  
 Isle of Lewis  
 HS1 2EH



Tel No: 01851-704687  
 VAT Reg No: 132587

To: Celtic Pins  
 Muirhouse Green  
 EDINBURGH  
 EH2 24QX

Credit Note No: 34

Date: 21 September 2011

Terms: Strictly Net

| Quantity | Description                                | Unit Price | Total  |
|----------|--|------------|--------|
|          |  | £          | £      |
| 5 only   | Clan Crest Kilt Pins<br>(Wrong Clan Crest) | 17.00      | 85.00  |
|          | VAT @ 20%                                  |            | 17.00  |
|          | TOTAL                                      |            | 102.00 |

**STEWART & BALFOUR**

**SOLICITORS**

**ALLARDICE STREET**

**STONEHAVEN**

**AB39 2BN**



JS/RN

25 September 2011

Just Scotland  
Canada Crescent  
STORNOWAY  
Isle of Lewis  
HS1 2EH

Dear Madam

**Hebridean Hobbies – Bankruptcy Settlement**

As our clients, Hebridean Hobbies, have been declared bankrupt, we have deposited the sum of £958.80 in your bank account in final settlement of the amount due.

Yours faithfully

*John Stewart*

John Stewart  
Solicitor

*Received 30/09/2011*

# The Bank Statement

At the end of September you receive the following Bank Statement.

## The Island Bank

KEITH STREET  
STORNOWAY  
HS1 2QG

**Account No:** 0016234

**Branch Code:** 76-80-32

**Customer:** Just Scotland  
Canada Crescent  
STORNOWAY  
Isle of Lewis  
HS1 2EH

**Date:** 30 September 2011

| DATE    | PARTICULARS        | DR       | Cr       | BALANCE     |
|---------|--------------------|----------|----------|-------------|
| 2011    |                    | £        | £        | £           |
| 1 Sept  | Balance            |          |          | 3,731.50    |
| 6 Sept  | 00812              | 2,625.00 |          | 1,106.50    |
| 8 Sept  | 00813              | 328.80   |          | 777.70      |
| 9 Sept  | Loan Interest – DD | 600.00   |          | 177.70      |
| 11 Sept | 00814              | 1,534.58 |          | 1,356.88 DR |
| 12 Sept | 00815              | 786.00   |          | 2,142.88 DR |
| 24 Sept | 00816              | 300.00   |          | 2,442.88 DR |
| 26 Sept | Deposit            |          | 1,545.36 | 897.52 DR   |
| 29 Sept | Bank Charges       | 24.75    |          | 922.27 DR   |
| 30 Sept | Deposit            |          | 958.80   | 36.53       |

Abbreviations: D/D – Direct Debit S/O – Standing Order DR – Overdraft

### Task 3

Using the appropriate information available:

- amend and update your Bank and other ledger accounts; and
- prepare a Bank Reconciliation Statement as at 30 September 2011.

## Checking the Ledger

You have now identified 3 mistakes in the accounts.

- An invoice issued for £2,682 had been correctly entered in the Sales and Customer Accounts but no entry had been made in the VAT Account.
- Discount Allowed of £20 had been incorrectly entered as Discount Received.
- No entry had been made for Cash Drawings £300.

### **Task 4**

Correct the errors in the ledger on 30 September 2011.

### **Task 5**

Prepare a Trial Balance as at 30 September 2011.

## End of Year Accounts

It is now time to submit Final Accounts to Maggie to show the trading results and the financial position of her business.

Maggie provides you with the following information to help you prepare these accounts:

- closing stock is valued at £2,485.
- the Provision for Bad Debts is to be 2.5% of Debtors (to nearest £).
- although no provision has been made for Depreciation of Fixtures and Fittings, it has been decided to depreciate them at the same rate as the Equipment (to nearest £).
- the annual insurance premium is £1,800.
- wages of £250 are due for September 2011.
- the monthly rent for storage space is £120.

### Task 6

Using the Trial Balance as at 30 September 2011 and the notes above, prepare:

- (a) the Trading and Profit and Loss Account for the year ended 30 September 2011;  
and
- (b) the Balance Sheet as at 30 September 2011.

## Interpreting the Final Accounts

Maggie would like to understand more about her financial position. The following information refers to a typical small souvenir shop:

|                            |          |
|----------------------------|----------|
| Gross Profit Percentage    | 55%      |
| Net Profit Percentage      | 12%      |
| Rate of Stock Turnover     | 16 times |
| Working Capital Ratio      | 2:1      |
| Return on Capital Invested | 10%      |

### Task 7

Using the final accounts you prepared in **Task 6**, calculate similar ratios (to 2 decimal places) for **Just Scotland**.

### Task 8

Write a report:

- (a) comparing your results with the above ratios;
- (b) suggesting reasons for any differences; and
- (c) advising Maggie how she could improve these ratios in the following year.

Your answer should follow the layout below:

| Ratio                 | Gross Profit Percentage |
|-----------------------|-------------------------|
| Typical Business      | 55%                     |
| Just Scotland         | ?                       |
| Comparison            | ?                       |
| Reason for difference | ?                       |
| How to improve        | ?                       |

## Opening a New Retail Outlet

Maggie is looking to expand her business and is investigating the possibility of renting premises to make and sell a range of Harris Tweed Dressed Dolls.

### For One Month

|                        |         |
|------------------------|---------|
| Rent of new premises   | £350·00 |
| Workers Wages per doll | £4·50   |
| Supervisor Wages       | £650·00 |
| Packaging per doll     | £0·50   |
| Cost per doll          | £3·50   |
| Lease of equipment     | £200·00 |
| Outfit per doll        | £1·00   |
| Selling price per doll | £15·50  |

#### Task 9\*

Using your computer, open the file “CREDIT1” and

- insert appropriate data into the table for 0–500 dolls in order to calculate the Break-even Point;
- using the proposed sales figures of 150, 325 and 475 dolls respectively, complete the Estimated Profit and Loss Statement for June–August 2012;
- take a printout of your work;
- comment on the viability of this proposal.

Instead of renting the premises, Maggie has been given the option to purchase them for £24,000.

#### Task 10

Suggest and comment on 2 methods of raising the necessary finance to purchase the premises.

[END OF PROJECT]



NATIONAL  
QUALIFICATIONS  
2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
PROJECT  
Credit Level  
Candidate's Worksheet

Fill in these boxes and read what is printed below.

Full name of centre

Centre number

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

Forename(s)

Surname

Date of birth

Day    Month    Year

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

Scottish candidate number

|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

| AREA                        | A   |   | B  |      |      | C  |    |    |    |
|-----------------------------|-----|---|----|------|------|----|----|----|----|
| TASK NUMBER                 | 1-3 | 4 | 5  | 6(a) | 6(b) | 7  | 8  | 9  | 10 |
| MARKS AVAILABLE FOR TASK(S) | 85  | 4 | 33 | 34   | 31   | 19 | 15 | 26 | 6  |
| ACTUAL MARKS FOR TASK(S)    |     |   |    |      |      |    |    |    |    |
| MARKS AVAILABLE FOR AREA    | 89  |   | 98 |      |      | 66 |    |    |    |
| ACTUAL MARKS FOR AREA       |     |   |    |      |      |    |    |    |    |

The above grid is for teacher's use.

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FOR OFFICIAL USE

|      |    |
|------|----|
| 0010 | ST |
|------|----|

**INTERNAL ASSESSMENT**

*Flyleaf*

NATIONAL  
QUALIFICATIONS  
2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
Project

Fill in these boxes and read what is printed below.

Full name of centre

Centre number

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

Forename(s)

Surname

Date of birth

Day    Month    Year

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

Scottish candidate number

|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

Final Grade for  
Practical Abilities

(See B4 inside)

## A Determination of Weighted Mark

- 1 Enter the candidate's mark for each Area of the Project.
- 2 Enter the total mark available for **each** Area (A, B and C) of the Project undertaken. (One Project only for each candidate.)
- 3 Show the application of the weighting to each Area (candidate's mark as a **proportion** of the total mark available times the weighting).
- 4 Enter the weighted mark for each Area and the total weighted mark for Project.

|                         | Candidate's Mark | Total Mark Available | Candidate's mark as a proportion of total mark available | Weighting | Weighted Mark              |
|-------------------------|------------------|----------------------|--|-----------|----------------------------|
| <b>Foundation Level</b> |                  |                      |  |           |                            |
| Area A                  | .....            | 96                   | .....  | x 50      | .....                      |
| Area B                  | .....            | 68                   | .....  | x 30      | .....                      |
| Area C                  | .....            | 45                   | .....  | x 20      | .....                      |
|                         |                  |                      |  |           | .....                      |
|                         |                  |                      |  |           | <b>Total Weighted Mark</b> |
|                         |                  |                      |  |           | =====                      |
| <b>General Level</b>    |                  |                      |  |           |                            |
| Area A                  | .....            | 103                  | .....  | x 40      | .....                      |
| Area B                  | .....            | 60                   | .....  | x 30      | .....                      |
| Area C                  | .....            | 57                   | .....  | x 30      | .....                      |
|                         |                  |                      |  |           | .....                      |
|                         |                  |                      |  |           | <b>Total Weighted Mark</b> |
|                         |                  |                      |  |           | =====                      |
| <b>Credit Level</b>     |                  |                      |  |           |                            |
| Area A                  | .....            | 89                   | .....  | x 30      | .....                      |
| Area B                  | .....            | 98                   | .....  | x 30      | .....                      |
| Area C                  | .....            | 66                   | .....  | x 40      | .....                      |
|                         |                  |                      |  |           | .....                      |
|                         |                  |                      |  |           | <b>Total Weighted Mark</b> |
|                         |                  |                      |  |           | =====                      |

## B Determination of Provisional and Final Grades

1 Enter weighted **mark**  
(transferred from one of Projects above)

2 Enter provisional **grade**  
(derived from weighted mark—  
see Arrangements para 5 4 3)

3 Enter the **Final Grade**  
(where different from provisional grade  
an explanation must appear in the  
Teacher's Comments section below)

Teacher's Comments (where appropriate)

(This section must **ONLY** be completed where the final grade has been affected by assistance given by the teacher.  
Information on the degree and instances of assistance must be provided.)

4 The **Final Grade** for Practical Abilities should be entered in the appropriate box on the front page.

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NATIONAL  
QUALIFICATIONS  
2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
PROJECT  
Credit Level

**TITLE: Just Scotland**

**SOLUTIONS AND SUGGESTED  
MARKING SCHEME**

**The contents of this document MUST NOT be divulged  
to any candidate.**

## TASKS 1, 2, 3a and 4

### Ledger Accounts

|                                  | DR                       |           | CR       |           | BAL       |              |          |
|----------------------------------|--------------------------|-----------|----------|-----------|-----------|--------------|----------|
| <u>Premises Account</u>          |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 14,610.00 | <b>1</b> |           | 14,610.00 | <b>1</b>     |          |
| <u>Purchases Account</u>         |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 13,748.50 | <b>1</b> |           | 13,748.50 |              |          |
| 05-Sep                           | Pets' Tartan Accessories | 785.10    | <b>1</b> |           | 14,533.60 |              |          |
| 17-Sep                           | Scottish Gift Ideas      | 225.45    | <b>1</b> |           | 14,759.05 | <b>3</b>     |          |
| <u>Sales Account</u>             |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  |           |          | 24,971.60 | <b>1</b>  | 24,971.60 Cr |          |
| 06-Sep                           | Wholesale Gifts          |           |          | 287.95    | <b>1</b>  | 25,259.55 Cr |          |
| 14-Sep                           | Celtic Pins              |           |          | 960.00    | <b>1</b>  | 26,219.55 Cr |          |
| 23-Sep                           | Bank                     |           |          | 1,287.80  | <b>1</b>  | 27,507.35 Cr |          |
| 29-Sep                           | Bank                     |           |          | 893.00    | <b>1</b>  | 28,400.35 Cr | <b>5</b> |
| <u>Sales Returns Account</u>     |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 264.50    | <b>1</b> |           | 264.50    |              |          |
| 21-Sep                           | Celtic Pins              | 85.00     | <b>1</b> |           | 349.50    | <b>2</b>     |          |
| <u>Purchases Returns Account</u> |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  |           |          | 116.25    | <b>1</b>  | 116.25 Cr    | <b>1</b> |
| <u>Stock Account</u>             |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 575.25    | <b>1</b> |           | 575.25    | <b>1</b>     |          |
| <u>Wages Account</u>             |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 1,760.00  | <b>1</b> |           | 1,760.00  |              |          |
| 08-Sep                           | Bank                     | 786.00    | <b>1</b> |           | 2,546.00  | <b>2</b>     |          |
| <u>Electricity Account</u>       |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 2,678.00  | <b>1</b> |           | 2,678.00  |              |          |
| 04-Sep                           | Bank                     | 274.00    | <b>1</b> |           | 2,952.00  | <b>2</b>     |          |
| <u>Carriage in Account</u>       |                          |           |          |           |           |              |          |
| 31-Aug                           | Balance                  | 316.90    | <b>1</b> |           | 316.90    | <b>1</b>     |          |



### Ledger Accounts (continued)

|                                      | DR                |          | CR       |          | BAL      |             |           |
|--------------------------------------|-------------------|----------|----------|----------|----------|-------------|-----------|
| <u>Bank Account</u>                  |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 3,731.50 | <b>1</b> |          | 3,731.50 |             |           |
| 02-Sep                               | Loan              |          |          | 2,625.00 | <b>1</b> | 1,106.50    |           |
| 04-Sep                               | Electricity & VAT |          |          | 328.80   | <b>1</b> | 777.70      |           |
| 07-Sep                               | Highland Kilts    |          |          | 1,534.58 | <b>1</b> | 756.88 Cr   |           |
| 08-Sep                               | Wages             |          |          | 786.00   | <b>1</b> | 1,542.88 Cr |           |
| 21-Sep                               | Cash              |          |          | 300.00   | <b>1</b> | 1,842.88 Cr |           |
| 21-Sep                               | Insurance         |          |          | 750.00   | <b>1</b> | 2,592.88 Cr |           |
| 23-Sep                               | Sales & VAT       | 1,545.36 | <b>1</b> |          |          | 1,047.52 Cr |           |
| 29-Sep                               | Sales & VAT       | 1,071.60 | <b>1</b> |          |          | 24.08       |           |
| 30-Sep                               | Hebridean Hobbies | 958.80   | <b>1</b> |          |          | 982.88      |           |
| 30-Sep                               | Loan Interest     |          |          | 600.00   | <b>1</b> | 382.88      |           |
| 30-Sep                               | Bank Charges      |          |          | 24.75    | <b>1</b> | 358.13      | <b>12</b> |
| <u>Insurance Account</u>             |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 1,200.00 | <b>1</b> |          | 1,200.00 |             |           |
| 21-Sep                               | Bank              | 750.00   | <b>1</b> |          | 1,950.00 | <b>2</b>    |           |
| <u>Rent Account</u>                  |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 1,320.00 | <b>1</b> |          | 1,320.00 | <b>1</b>    |           |
| <u>Fixtures and Fittings Account</u> |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 8,659.50 | <b>1</b> |          | 8,659.50 | <b>1</b>    |           |
| <u>Discount Allowed Account</u>      |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 115.00   | <b>1</b> |          | 115.00   |             |           |
| 30-Sep                               | Suspense          | 20.00    | <b>1</b> |          | 135.00   | <b>2</b>    |           |
| <u>Discount Received Account</u>     |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           |          |          | 100.20   | <b>1</b> | 100.20 Cr   |           |
| 07-Sep                               | Highland Kilts    |          |          | 80.77    | <b>1</b> | 180.97 Cr   |           |
| 30-Sep                               | Suspense          | 20.00    | <b>1</b> |          |          | 160.97 Cr   | <b>3</b>  |
| <u>Advertising Account</u>           |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 1,410.00 | <b>1</b> |          | 1,410.00 |             |           |
| 12-Sep                               | Cash              | 85.42    | <b>1</b> |          | 1,495.42 | <b>2</b>    |           |
| <u>Equipment Account</u>             |                   |          |          |          |          |             |           |
| 31-Aug                               | Balance           | 5,000.00 | <b>1</b> |          | 5,000.00 | <b>1</b>    |           |

## TASKS 1, 2, 3a and 4 (continued)

### Ledger Accounts (continued)

|  | DR                  |          | CR        |          | BAL          |          |
|--|---------------------|----------|-----------|----------|--------------|----------|
| <u>Provision for Depreciation on Equipment Account</u> |                     |          |           |          |              |          |
| 31–Aug   | Balance             |          | 1,000·00  | <b>1</b> | 1,000·00 Cr  | <b>1</b> |
| <u>Drawings Account</u>                                |                     |          |           |          |              |          |
| 31–Aug   | Balance             | 8,670·00 |           | <b>1</b> | 8,670·00     |          |
| 30 –Sep  | Cash                | 300·00   |           | <b>1</b> | 8,970·00     | <b>2</b> |
| <u>Capital Account</u>                                 |                     |          |           |          |              |          |
| 31–Aug   | Balance             |          | 23,000·00 | <b>1</b> | 23,000·00 Cr | <b>1</b> |
| <u>Bank Loan Account</u>                               |                     |          |           |          |              |          |
| 31–Aug   | Balance             |          | 14,000·00 | <b>1</b> | 14,000·00 Cr |          |
| 02–Sep   | Bank                | 2,625·00 |           | <b>1</b> | 11,375·00 Cr | <b>2</b> |
| <u>Hebridean Hobbies Account</u>                       |                     |          |           |          |              |          |
| 31–Aug   | Balance             | 1,198·50 |           | <b>1</b> | 1,198·50     |          |
| 30–Sep   | Bank                |          | 958·80    | <b>1</b> | 239·70       |          |
| 30–Sep   | Bad Debts           |          | 239·70    | <b>1</b> | 0·00         | <b>3</b> |
| <u>Celtic Pins Account</u>                             |                     |          |           |          |              |          |
| 31–Aug   | Balance             | 666·75   |           | <b>1</b> | 666·75       |          |
| 14–Sep   | Sales & VAT         | 1,152·00 |           | <b>1</b> | 1,818·75     |          |
| 21–Sep   | Sales Returns & VAT |          | 102·00    | <b>1</b> | 1,716·75     | <b>3</b> |
| <u>Scottish Gift Ideas Account</u>                     |                     |          |           |          |              |          |
| 31–Aug   | Balance             |          | 310·75    | <b>1</b> | 310·75 Cr    |          |
| 17–Sep   | Purchases & VAT     |          | 268·28    | <b>1</b> | 579·03 Cr    | <b>2</b> |
| <u>Highland Kilts Account</u>                          |                     |          |           |          |              |          |
| 31–Aug   | Balance             |          | 1,615·35  | <b>1</b> | 1,615·35 Cr  |          |
| 07–Sep   | Bank                | 1,534·58 |           | <b>1</b> | 80·77 Cr     |          |
| 07–Sep   | Discount Received   | 80·77    |           | <b>1</b> | 0·00         | <b>3</b> |
| <u>Cash Account</u>                                    |                     |          |           |          |              |          |
| 31–Aug   | Balance             | 1,000·00 |           | <b>1</b> | 1,000·00     |          |
| 12–Sep   | Advertising & VAT   |          | 102·50    | <b>1</b> | 897·50       |          |
| 21–Sep   | Bank                | 300·00   |           | <b>1</b> | 1,197·50     |          |
| 30–Sep   | Drawings            |          | 300·00    | <b>1</b> | 897·50       | <b>4</b> |

### Ledger Accounts (continued)

|   | DR              | CR                | BAL                   |
|---|-----------------|-------------------|-----------------------|
| <u>VAT Account</u>                          |                 |                   |                       |
| 31-Aug Balance                              |                 | 1,343.25 <b>1</b> | 1,343.25 Cr           |
| 04-Sep Bank                                 | 54.80 <b>1</b>  |                   | 1,288.45 Cr           |
| 05-Sep Pets' Tartan Accessories             | 157.02 <b>1</b> |                   | 1,131.43 Cr           |
| 12-Sep Cash                                 | 17.08 <b>1</b>  |                   | 1,114.35 Cr           |
| 14-Sep Celtic Pins                          |                 | 192.00 <b>1</b>   | 1,306.35 Cr           |
| 17-Sep Scottish Gift Ideas                  | 42.83 <b>1</b>  |                   | 1,263.52 Cr           |
| 21-Sep Celtic Pins                          | 17.00 <b>1</b>  |                   | 1,246.52 Cr           |
| 23-Sep Bank                                 |                 | 257.56 <b>1</b>   | 1,504.08 Cr           |
| 29-Sep Bank                                 |                 | 178.60 <b>1</b>   | 1,682.68 Cr           |
| 30-Sep Suspense                             |                 | 447.00 <b>1</b>   | 2,129.68 Cr <b>10</b> |
| <br><u>Provision for Bad Debts Account</u>  |                 |                   |                       |
| 31-Aug Balance                              |                 | 60.00 <b>1</b>    | 60.00 Cr <b>1</b>     |
| <br><u>Suspense Account</u>                 |                 |                   |                       |
| 31-Aug Balance                              |                 | 407.00 <b>1</b>   | 407.00 Cr             |
| 30-Sep VAT                                  | 447.00 <b>1</b> |                   | 40.00                 |
| 30-Sep Discount Allowed                     |                 | 20.00 <b>1</b>    | 20.00                 |
| 30-Sep Discount Received                    |                 | 20.00 <b>1</b>    | - <b>4</b>            |
|   |                 |                   | <b>(Task 4)</b>       |
| <br><u>Pets' Tartan Accessories Account</u> |                 |                   |                       |
| 05-Sep Purchases & VAT                      |                 | 942.12 <b>1</b>   | 942.12 Cr <b>1</b>    |
| <br><u>Wholesale Gifts Account</u>          |                 |                   |                       |
| 06-Sep Sales                                | 287.95 <b>1</b> |                   | 287.95 <b>1</b>       |
| <br><u>Bad Debts Account</u>                |                 |                   |                       |
| 30-Sep Hebridean Hobbies                    | 239.70 <b>1</b> |                   | 239.70 <b>1</b>       |
| <br><u>Loan Interest Account</u>            |                 |                   |                       |
| 30-Sep Bank                                 | 600.00 <b>1</b> |                   | 600.00 <b>1</b>       |
| <br><u>Bank Charges Account</u>             |                 |                   |                       |
| 30-Sep Bank                                 | 24.75 <b>1</b>  |                   | 24.75 <b>1</b>        |
|   |                 |                   | <b>(83)</b>           |

**TASK 3b**

| <b>BANK RECONCILIATION STATEMENT AS AT 30 SEPTEMBER 2011 1</b> |  |          |            |
|--|--|----------|------------|
| Balance as per Bank Statement                                  |  | £36.53   | <b>1</b>   |
| ADD  |  |          |            |
| Deposit  |  | 1,071.60 | <b>1</b>   |
|  |  | 1,108.13 | <b>1</b>   |
| LESS   |  |          |            |
| Cheque not presented for payment                               |  | 750.00   | <b>1</b>   |
| Balance as per Bank Account                                    |  | £358.13  | <b>1</b>   |
|  |  |          | <b>(6)</b> |
| <b>OR</b>  |  |          |            |
| <b>BANK RECONCILIATION STATEMENT AS AT 30 SEPTEMBER 2011 1</b> |  |          |            |
| Balance as per Bank Account                                    |  | £358.13  | <b>1</b>   |
| ADD  |  |          |            |
| Cheque not presented for payment                               |  | 750.00   | <b>1</b>   |
|  |  | 1,108.13 | <b>1</b>   |
| LESS   |  |          |            |
| Amounts not yet credited                                       |  | 1,071.60 | <b>1</b>   |
| Balance as per Bank Statement                                  |  | £36.53   | <b>1</b>   |
|  |  |          | <b>(6)</b> |

**TASK 5**

| <b>Trial Balance of Just Scotland as at 30 September 2011</b> |                   | <b>1</b> |                   |          |
|---|-------------------|----------|-------------------|----------|
|   | <b>Dr</b>         |          | <b>Cr</b>         |          |
|   | <b>£</b>          |          | <b>£</b>          |          |
| Premises  | 14,610.00         | <b>1</b> |                   |          |
| Purchases   | 14,759.05         | <b>1</b> |                   |          |
| Sales   |                   |          | 28,400.35         | <b>1</b> |
| Sales Returns   | 349.50            | <b>1</b> |                   |          |
| Purchase Returns  |                   |          | 116.25            | <b>1</b> |
| Stock   | 575.25            | <b>1</b> |                   |          |
| Wages   | 2,546.00          | <b>1</b> |                   |          |
| Electricity   | 2,952.00          | <b>1</b> |                   |          |
| Carriage In   | 316.90            | <b>1</b> |                   |          |
| Bank  | 358.13            | <b>1</b> |                   |          |
| Insurance   | 1,950.00          | <b>1</b> |                   |          |
| Rent  | 1,320.00          | <b>1</b> |                   |          |
| Fixture and Fittings  | 8,659.50          | <b>1</b> |                   |          |
| Discount Allowed  | 135.00            | <b>1</b> |                   |          |
| Discount Received   |                   |          | 160.97            | <b>1</b> |
| Advertising   | 1,495.42          | <b>1</b> |                   |          |
| Equipment   | 5,000.00          | <b>1</b> |                   |          |
| Provision for Depreciation on Equipment                       |                   |          | 1,000.00          | <b>1</b> |
| Drawings  | 8,970.00          | <b>1</b> |                   |          |
| Capital   |                   |          | 23,000.00         | <b>1</b> |
| Bank Loan   |                   |          | 11,375.00         | <b>1</b> |
| Celtic Pins   | 1,716.75          | <b>1</b> |                   |          |
| Scottish Gift Ideas   |                   |          | 579.03            | <b>1</b> |
| Cash  | 897.50            | <b>1</b> |                   |          |
| VAT   |                   |          | 2,129.68          | <b>1</b> |
| Provision for Bad Debts                                       |                   |          | 60.00             | <b>1</b> |
| Pets' Tartan Accessories                                      |                   |          | 942.12            | <b>1</b> |
| Wholesale Gifts   | 287.95            | <b>1</b> |                   |          |
| Bad Debts   | 239.70            | <b>1</b> |                   |          |
| Loan Interest   | 600.00            | <b>1</b> |                   |          |
| Bank Charges  | 24.75             | <b>1</b> |                   |          |
|   | <b>£67,763.40</b> |          | <b>£67,763.40</b> |          |

**1**

**(33)**

**TASK 6a**

| <b>Trading and Profit and Loss Account of Just Scotland</b> |               |          |                 |                  |
|---|---------------|----------|-----------------|------------------|
| <b>for year ending 30 September 2011</b>                    |               |          |                 |                  |
|   | <b>1</b>      |          |                 |                  |
|   | £             |          | £               | £                |
| Sales   |               |          |                 | 28,400.35        |
| <b>Less Returns</b>   |               |          |                 | 349.50           |
|   |               |          |                 | <u>28,050.85</u> |
| Less Cost of Sales  |               |          |                 |                  |
| Opening Stock   |               |          | 575.25          | <b>1</b>         |
| Purchases   | 14,759.05     | <b>1</b> |                 |                  |
| <b>Add Carriage In</b>                                      | <u>316.90</u> | <b>1</b> |                 |                  |
|   | 15,075.95     |          |                 |                  |
| <b>Less Returns</b>   | <u>116.25</u> | <b>1</b> | 14,959.70       | <b>1</b>         |
|   |               |          | 15,534.95       |                  |
| <b>Less Closing Stock</b>                                   |               |          | <u>2,485.00</u> | <b>1</b>         |
|   |               |          |                 | 13,049.95        |
| <b>Gross Profit</b>   |               |          |                 | <u>15,000.90</u> |
| <b>Add Gains</b>  |               |          |                 |                  |
| Discount Received   |               |          |                 | 160.97           |
| Decrease in Provision for Bad Debts                         |               |          |                 | 10.00            |
|   |               |          |                 | <u>15,171.87</u> |
| <b>Less Expenses</b>  |               |          |                 |                  |
| Wages   | 2,546.00      | <b>1</b> |                 |                  |
| <b>Add due</b>  | <u>250.00</u> | <b>1</b> | 2,796.00        | <b>1</b>         |
| Electricity   |               |          | 2,952.00        | <b>1</b>         |
| Insurance   | 1,950.00      | <b>1</b> |                 |                  |
| <b>Less prepaid</b>   | <u>150.00</u> | <b>1</b> | 1,800.00        | <b>1</b>         |
| Rent  | 1,320.00      | <b>1</b> |                 |                  |
| <b>Add due</b>  | <u>120.00</u> | <b>1</b> | 1,440.00        | <b>1</b>         |
| Discount Allowed  |               |          | 135.00          | <b>1</b>         |
| Advertising   |               |          | 1,495.42        | <b>1</b>         |
| Bad Debts   |               |          | 239.70          | <b>1</b>         |
| Loan Interest   |               |          | 600.00          | <b>1</b>         |
| Bank Charges  |               |          | 24.75           | <b>1</b>         |
| Provision for Depreciation – Fixtures and Fittings          |               |          | 1,732.00        | <b>1</b>         |
| Provision for Depreciation – Equipment                      |               |          | 1,000.00        | <b>1</b>         |
|   |               |          |                 | <u>14,214.87</u> |
| <b>Net Profit</b>   |               |          |                 | <u>£957.00</u>   |

**(34)**

**TASK 6b**

| <b>Balance Sheet of Just Scotland</b> |             |          |             |                     |
|---------------------------------------|-------------|----------|-------------|---------------------|
| <b>as at 30 September 2011</b>        |             |          |             |                     |
|                                       | <b>Cost</b> |          | <b>Depn</b> |                     |
|                                       | £           |          | £           | <b>NBV</b>          |
|                                       |             |          |             | £                   |
| <b>Fixed Assets</b>                   | 14,610.00   |          |             | 14,610.00           |
| Premises                              | 8,659.50    | <b>1</b> | 1,732.00    | <b>1</b> 6,927.50   |
| Fixtures and Fittings                 | 5,000.00    | <b>1</b> | 2,000.00    | <b>1</b> 3,000.00   |
| Equipment                             | 28,269.50   |          | 3,732.00    | <b>1</b> 24,537.50  |
| <b>Current Assets</b>                 |             |          |             |                     |
| Stock                                 |             |          | 2,485.00    | <b>1</b>            |
| Debtors                               | 2,004.70    | <b>1</b> |             |                     |
| <b>Less Provision for Bad Debts</b>   | 50.00       | <b>1</b> | 1,954.70    | <b>1</b>            |
| Insurance Prepaid                     |             |          | 150.00      | <b>1</b>            |
| Bank                                  |             |          | 358.13      | <b>1</b>            |
| Cash                                  |             |          | 897.50      | <b>1</b>            |
|                                       |             |          | 5,845.33    | <b>1</b>            |
| <b>Less Current Liabilities</b>       |             |          |             |                     |
| Creditors                             | 1,521.15    | <b>1</b> |             |                     |
| VAT                                   | 2,129.68    | <b>1</b> |             |                     |
| Wages due                             | 250.00      | <b>1</b> |             |                     |
| Rent due                              | 120.00      | <b>1</b> | 4,020.83    | <b>1</b> 1,824.50   |
|                                       |             |          |             | <b>1</b> £26,362.00 |
| <b>Financed by</b>                    |             |          |             |                     |
| Capital                               |             |          |             | 23,000.00           |
| <b>Add Profit</b>                     |             |          |             | 957.00              |
|                                       |             |          |             | 23,957.00           |
| <b>Less Drawings</b>                  |             |          |             | 8,970.00            |
|                                       |             |          |             | 14,987.00           |
| <b>Long Term Liabilities</b>          |             |          |             |                     |
| Loan                                  |             |          |             | 11,375.00           |
|                                       |             |          |             | <b>1</b> £26,362.00 |

**(31)**

## TASK 7

### Gross Profit Ratio

$$\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100 = \frac{15,000.90 \quad \mathbf{1}}{28,050.85 \quad \mathbf{1}} \times 100 = 53.48\% \quad \mathbf{1} \quad \mathbf{3}$$

### Net Profit Ratio

$$\frac{\text{Net Profit}}{\text{Net Sales}} \times 100 = \frac{957.00 \quad \mathbf{1}}{28,050.85 \quad \mathbf{1}} \times 100 = 3.41\% \quad \mathbf{1} \quad \mathbf{3}$$

### Rate of Stock Turnover

$$\begin{aligned} \text{Opening Stock} + \text{Closing Stock} / 2 &= \frac{575.25 \quad \mathbf{1} + 2,485.00 \quad \mathbf{1}}{2 \quad \mathbf{1}} \\ &= 1,530.13 \quad \mathbf{1} \end{aligned}$$

$$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}} = \frac{13,049.95 \quad \mathbf{1}}{1,530.13 \quad \mathbf{1}} = 8.5 \text{ times} \quad \mathbf{1} \quad \mathbf{7}$$

### Working Capital Ratio

$$\begin{aligned} \text{Current Assets} : \text{Current Liabilities} &= 5,845.33 \quad \mathbf{1} : 4,020.83 \quad \mathbf{1} \\ &= 1.45 : 1 \quad \mathbf{1} \end{aligned} \quad \mathbf{3}$$

### Return on Capital Invested

$$\frac{\text{Net Profit}}{\text{Opening Capital}} \times 100 = \frac{957.00 \quad \mathbf{1}}{23,000.00 \quad \mathbf{1}} \times 100 = 4.16\% \quad \mathbf{1} \quad \mathbf{3}$$

(19)



**TASK 8**

| Ratio                 | Gross Profit Percentage  |          |
|-----------------------|--|----------|
| Typical Business      | 55%  |          |
| Just Scotland         | 53.48%   |          |
| Comparison            | Just Scotland's GP% is lower than the typical souvenir business. | <b>1</b> |
| Reason for difference | Just Scotland may be buying goods at a higher price.             | <b>1</b> |
| How to improve        | Just Scotland could look at increasing its selling price.        | <b>1</b> |

**3**

| Ratio                 | Net Profit Percentage  |          |
|-----------------------|--|----------|
| Typical Business      | 12%  |          |
| Just Scotland         | 3.41%  |          |
| Comparison            | Just Scotland's NP% is much lower than the typical souvenir business.                  | <b>1</b> |
| Reason for difference | Just Scotland has poor control over expenses.  | <b>1</b> |
| How to improve        | Just Scotland has to look at reducing costs and monitor revenue expenses more closely. | <b>1</b> |

**3**

| Ratio                 | Rate of Stock Turnover   |          |
|-----------------------|--|----------|
| Typical Business      | 16 times   |          |
| Just Scotland         | 8.5 times  |          |
| Comparison            | Just Scotland is selling stock much slower than the typical souvenir business. | <b>1</b> |
| Reason for difference | Just Scotland is holding more stock.   | <b>1</b> |
| How to improve        | Just Scotland could advertise more to reduce stock holding.                    | <b>1</b> |

**3**

**TASK 8 (continued)**

| Ratio                 | Working Capital Ratio  |          |
|-----------------------|--|----------|
| Typical Business      | 2:1  |          |
| Just Scotland         | 1.45:1   |          |
| Comparison            | The Working Capital Ratio is lower than the typical souvenir business.     | <b>1</b> |
| Reason for difference | Current Assets are lower eg Bank, Debtors lower than the typical business. | <b>1</b> |
| How to improve        | Encourage Debtors to pay quicker to enable creditors to be repaid.         | <b>1</b> |
|                       |  | <b>3</b> |

| Ratio                 | Return on Capital Employed   |          |
|-----------------------|--|----------|
| Typical Business      | 10%  |          |
| Just Scotland         | 4.16%  |          |
| Comparison            | Just Scotland is less profitable than the typical souvenir business. | <b>1</b> |
| Reason for difference | Higher investment in capital than typical business.                  | <b>1</b> |
| How to improve        | Decrease expenses so as to increase Net Profit.                      | <b>1</b> |
|                       |  | <b>3</b> |

**Must have at least one comparison, one reason for difference and one improvement to gain maximum marks for each ratio.**

**The above are possible suggestions only. Alternative suggestions given by candidates should be accepted and awarded marks accordingly.**

**(15)**

**TASK 9a, 9b and 9c**

| Candidate's Name and School  |                    | £                     | £                  |               |                       |
|--|--------------------|-----------------------|--------------------|---------------|-----------------------|
| <b>(a) Fixed Costs</b>   |                    |                       |                    |               |                       |
| Rent of new Premises   |                    | 350                   | <b>1</b>           |               |                       |
| Lease of Equipment   |                    | 200                   | <b>1</b>           |               |                       |
| Supervisor Wages   |                    | 650                   | <b>1</b>           | 1,200·00      |                       |
| <b>Variable Cost</b>   |                    |                       |                    |               |                       |
| Cost per Doll  |                    | 3·50                  | <b>1</b>           |               |                       |
| Outfit per Doll  |                    | 1·00                  | <b>1</b>           |               |                       |
| Packaging per Doll   |                    | 0·50                  | <b>1</b>           |               |                       |
| Workers Wages per Doll   |                    | 4·50                  | <b>1</b>           | 9·50          |                       |
| <b>Selling Price</b>   |                    |                       |                    | £15·50        | <b>1</b>              |
| <b>Dolls</b>   | <b>Fixed Costs</b> | <b>Variable Costs</b> | <b>Total Costs</b> | <b>Sales</b>  | <b>Profit or Loss</b> |
| 0  | 1,200              | 0                     | 1,200              | 0             | -1,200                |
| 50   | 1,200              | 475                   | 1,675              | 775           | -900                  |
| 100  | 1,200              | 950                   | 2,150              | 1,550         | -600                  |
| 150  | 1,200              | 1,425                 | 2,625              | 2,325         | -300                  |
| 200  | 1,200              | 1,900                 | 3,100              | 3,100         | 0                     |
| 250  | 1,200              | 2,375                 | 3,575              | 3,875         | 300                   |
| 300  | 1,200              | 2,850                 | 4,050              | 4,650         | 600                   |
| 350  | 1,200              | 3,325                 | 4,525              | 5,425         | 900                   |
| 400  | 1,200              | 3,800                 | 5,000              | 6,200         | 1,200                 |
| 450  | 1,200              | 4,275                 | 5,475              | 6,975         | 1,500                 |
| 500  | 1,200              | 4,750                 | 5,950              | 7,750         | 1,800                 |
|  | <b>1</b>           | <b>1</b>              | <b>1</b>           | <b>1</b>      | <b>1</b>              |
| <b>Break even point is 200 Dolls 1</b>                             |                    |                       |                    |               |                       |
| <b>(b) Estimated Profit and Loss Account for: June–August 2012</b> |                    |                       |                    |               |                       |
|  |                    | <b>June</b>           | <b>July</b>        | <b>August</b> |                       |
| Dolls Sold   |                    | 150                   | 325                | 475           |                       |
|  |                    | £                     | £                  | £             |                       |
| Sales  |                    | 2,325·00              | 5,037·50           | 7,362·50      | <b>1</b>              |
| Variable Costs   | <b>1</b>           | 1,425·00              | 3,087·50           | 4,512·50      | <b>1</b>              |
| Fixed Costs  |                    | 900·00                | 1,950·00           | 2,850·00      | <b>1</b>              |
| Profit/Loss  |                    | 1,200·00              | 1,200·00           | 1,200·00      | <b>1</b>              |
|  |                    | -300·00               | 750·00             | 1,650·00      | <b>1</b>              |
| Total Profit for 3 month period                                    |                    | £2,100·00             |                    |               | <b>1</b>              |

8

6

9

**TASK 9d**

This is a viable proposition <sup>1</sup> assuming that the estimated Profit and Loss figures are realistic.

Sales are likely to increase during the 3 months and this is reflected in the estimate shown where Sales rise <sup>1</sup> from 150 to 475 over the period reviewed. Given that Fixed Costs remain constant then the increase in profit to £1,650 at the end of this period is very healthy for a small business. <sup>1</sup>

There would need to be some market research. <sup>1</sup>

**3 max**

**The above are possible suggestions only. Alternative suggestions given by candidates should be accepted and awarded marks accordingly.**

**(26)**

## TASK 10

### Alternative Funding Methods

#### Bank Loan <sup>1</sup>

Consideration must be made of the interest arrangements and the fact that Maggie already has a substantial bank loan on her existing business. This would be a long-term commitment.

1

1

#### Mortgage <sup>1</sup>

It may be possible to apply for a mortgage but it would be necessary to give some form of security. Interest must also be paid. This is a very long-term commitment.

1

1

1

#### Grant <sup>1</sup>

It may be possible to apply for funding from Government or Local authority but it is unlikely that the total sum could be raised in this way.

1

1

#### Partnership <sup>1</sup>

Introducing a partner may provide the necessary finance through capital introduced. Consideration would need to be given to the change in status from sole trader, the loss of total control of the business and eventual sharing of profits.

1

1

1

#### Combination of Funding Proposals <sup>1</sup>

It may be possible to acquire the funding partly with a Bank Loan, partly using money from an existing business and applying for a Grant.

1

1

#### Loan from Family/Friends <sup>1</sup>

It may be possible to obtain additional business funding this way which would not attract any interest. These arrangements are informal and the agreement could damage personal relationships.

1

1

**Any 2 methods × 3 marks (6 max)**

**The above are possible suggestions only. Alternative suggestions given by candidates should be accepted and awarded marks accordingly.**

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ACCOUNTING AND FINANCE

STANDARD GRADE PROJECT 2012

FOUNDATION/GENERAL/CREDIT LEVELS

SPREADSHEET INSTRUCTIONS TO TEACHERS

## TEACHER INSTRUCTIONS FOR SPREADSHEET TEMPLATES

- 1 Specimen templates for teacher preparation accompany these instructions. Teachers should key in all text in the appropriate cells as shown.
- 2 The width of the columns should be set as follows:
  - Column A should be set at 25 characters
  - Columns B to F should be set at 12 characters
- 3 Columns should be formatted as follows:
  - Cells with **one zero** for number with **no decimal places**
  - cells with **0.00** and **formula** for number with **2 decimal places**.
- 4 Where the word “**data**” is indicated, **teachers** should key in the word to indicate where candidates should enter the data details.
- 5 Where the word “**formula**” is indicated, **teachers** should enter the appropriate formulae for their system.
- 6 No figures or formulae should be entered in cell **C39 at all levels**, and also in cells **D46 to F52 and C54 at Credit level**. Candidates should complete the data with their own figures.
- 7 When you have set up the spreadsheet, and are quite certain that it matches the cell descriptions given, save the files to disc or network **using the following names**:
  - (a) **Foundation—“FOUND1”;**
  - (b) **General—“GENERAL1”;**
  - (c) **Credit—“CREDIT1”.**



|    | A                            | B                  | C                     | D                  | E                    | F                  |
|----|------------------------------|--------------------|-----------------------|--------------------|----------------------|--------------------|
| 1  | <b>Foundation Task 23*</b>   |                    |                       |                    |                      |                    |
| 2  |                              |                    |                       |                    |                      |                    |
| 3  | <b>Candidate's Name</b>      |                    |                       |                    |                      |                    |
| 4  | <b>Candidate's School</b>    |                    |                       |                    |                      |                    |
| 5  |                              |                    |                       |                    |                      |                    |
| 6  |                              |                    |                       |                    |                      |                    |
| 7  | <b>PERSONALISED MUGS</b>     |                    |                       |                    |                      |                    |
| 8  |                              |                    |                       |                    |                      |                    |
| 9  | <b>Selling Price</b>         |                    | 0.00                  |                    |                      |                    |
| 10 |                              |                    |                       |                    |                      |                    |
| 11 | <b>Variable Costs</b>        |                    |                       |                    |                      |                    |
| 12 | Mug                          | 0.00               |                       |                    |                      |                    |
| 13 | Wages                        | 0.00               |                       |                    |                      |                    |
| 14 | Paint                        | 0.00               |                       |                    |                      |                    |
| 15 |                              |                    | formula               |                    |                      |                    |
| 16 |                              |                    |                       |                    |                      |                    |
| 17 |                              |                    |                       |                    |                      |                    |
| 18 | <b>Fixed Costs</b>           |                    |                       |                    |                      |                    |
| 19 | Display Stand                | 0.00               |                       |                    |                      |                    |
| 20 | Training                     | 0.00               |                       |                    |                      |                    |
| 21 |                              |                    | formula               |                    |                      |                    |
| 22 |                              |                    |                       |                    |                      |                    |
| 23 |                              |                    |                       |                    |                      |                    |
| 24 |                              |                    |                       |                    |                      |                    |
| 25 | <b>Number of Mugs</b>        | <b>Fixed Costs</b> | <b>Variable Costs</b> | <b>Total Costs</b> | <b>Total Revenue</b> | <b>Profit/Loss</b> |
| 26 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 27 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 28 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 29 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 30 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 31 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 32 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 33 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 34 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 35 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 36 | 0                            | formula            | formula               | formula            | formula              | formula            |
| 37 |                              |                    |                       |                    |                      |                    |
| 38 |                              |                    |                       |                    |                      |                    |
| 39 | Number of Mugs to Break Even |                    | data                  |                    |                      |                    |

|    | A                          | B                  | C                     | D                       | E                    | F                  |
|----|----------------------------|--------------------|-----------------------|-------------------------|----------------------|--------------------|
| 1  | <b>General Task 9*</b>     |                    |                       |                         |                      |                    |
| 2  |                            |                    |                       |                         |                      |                    |
| 3  | <b>Candidate's Name</b>    |                    |                       |                         |                      |                    |
| 4  | <b>Candidate's School</b>  |                    |                       |                         |                      |                    |
| 5  |                            |                    |                       |                         |                      |                    |
| 6  |                            |                    |                       |                         |                      |                    |
| 7  |                            |                    | £                     | £                       |                      |                    |
| 8  | <b>Selling Price</b>       |                    |                       |                         | 0.00                 |                    |
| 9  |                            |                    |                       |                         |                      |                    |
| 10 | <b>Variable Costs</b>      |                    |                       |                         |                      |                    |
| 11 | data                       |                    | 0.00                  |                         |                      |                    |
| 12 | data                       |                    | 0.00                  |                         |                      |                    |
| 13 | data                       |                    | 0.00                  |                         |                      |                    |
| 14 | data                       |                    | 0.00                  |                         |                      |                    |
| 15 | data                       |                    | 0.00                  | formula                 |                      |                    |
| 16 |                            |                    |                       |                         |                      |                    |
| 17 | <b>Fixed Costs</b>         |                    |                       |                         |                      |                    |
| 18 | data                       |                    | 0.00                  |                         |                      |                    |
| 19 | data                       |                    | 0.00                  |                         |                      |                    |
| 20 | data                       |                    | 0.00                  |                         |                      |                    |
| 21 | data                       |                    | 0.00                  |                         |                      |                    |
| 22 | data                       |                    | 0.00                  | formula                 |                      |                    |
| 23 |                            |                    |                       |                         |                      |                    |
| 24 |                            |                    |                       |                         |                      |                    |
| 25 | <b>Number of Packs</b>     | <b>Fixed Costs</b> | <b>Variable Costs</b> | <b>Total Costs</b>      | <b>Total Revenue</b> | <b>Profit/Loss</b> |
| 26 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 27 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 28 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 29 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 30 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 31 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 32 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 33 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 34 | 0                          | formula            | formula               | formula                 | formula              | formula            |
| 35 |                            |                    |                       |                         |                      |                    |
| 36 |                            |                    |                       |                         |                      |                    |
| 37 |                            |                    |                       |                         |                      |                    |
| 38 |                            |                    |                       |                         |                      |                    |
| 39 | <b>Break even point is</b> |                    | data                  | <b>Face Paint Packs</b> |                      |                    |

|    | A  | B                  | C                     | D                  | E            | F                     |
|----|--|--------------------|-----------------------|--------------------|--------------|-----------------------|
| 1  | <b>Credit Task 9*</b>  |                    |                       |                    |              |                       |
| 2  |  |                    |                       |                    |              |                       |
| 3  | <b>Candidate's Name</b>  |                    |                       |                    |              |                       |
| 4  | <b>Candidate's School</b>  |                    |                       |                    |              |                       |
| 5  |  |                    |                       |                    |              |                       |
| 6  | <b>(a)</b>   |                    |                       |                    |              |                       |
| 7  | <b>Fixed Costs</b>   |                    |                       | £                  | £            |                       |
| 8  | data   |                    |                       | 0-00               |              |                       |
| 9  | data   |                    |                       | 0-00               |              |                       |
| 10 | data   |                    |                       | 0-00               |              |                       |
| 11 | data   |                    |                       | 0-00               |              |                       |
| 12 | data   |                    |                       | 0-00               | formula      |                       |
| 13 |  |                    |                       |                    |              |                       |
| 14 | <b>Variable Cost</b>   |                    |                       | £                  | £            |                       |
| 15 | data   |                    |                       | 0-00               |              |                       |
| 16 | data   |                    |                       | 0-00               |              |                       |
| 17 | data   |                    |                       | 0-00               |              |                       |
| 18 | data   |                    |                       | 0-00               |              |                       |
| 19 | data   |                    |                       | 0-00               | formula      |                       |
| 20 |  |                    |                       |                    |              |                       |
| 21 | <b>Selling Price</b>   |                    |                       |                    | 0-00         |                       |
| 22 |  |                    |                       |                    |              |                       |
| 23 |  |                    |                       |                    |              |                       |
| 24 | <b>Dolls</b>   | <b>Fixed Costs</b> | <b>Variable Costs</b> | <b>Total Costs</b> | <b>Sales</b> | <b>Profit or Loss</b> |
| 25 |  |                    |                       |                    |              |                       |
| 26 | 0  | formula            | formula               | formula            | formula      | formula               |
| 27 | 0  | formula            | formula               | formula            | formula      | formula               |
| 28 | 0  | formula            | formula               | formula            | formula      | formula               |
| 29 | 0  | formula            | formula               | formula            | formula      | formula               |
| 30 | 0  | formula            | formula               | formula            | formula      | formula               |
| 31 | 0  | formula            | formula               | formula            | formula      | formula               |
| 32 | 0  | formula            | formula               | formula            | formula      | formula               |
| 33 | 0  | formula            | formula               | formula            | formula      | formula               |
| 34 | 0  | formula            | formula               | formula            | formula      | formula               |
| 35 | 0  | formula            | formula               | formula            | formula      | formula               |
| 36 | 0  | formula            | formula               | formula            | formula      | formula               |
| 37 |  |                    |                       |                    |              |                       |
| 38 |  |                    |                       |                    |              |                       |
| 39 | <b>Break even point is</b>   |                    | data                  |                    |              |                       |
| 40 |  |                    |                       |                    |              |                       |
| 41 | <b>(b)</b>   |                    |                       |                    |              |                       |
| 42 | <b>Estimated Profit and Loss Account for the period June – August 2012</b> |                    |                       |                    |              |                       |
| 43 |  |                    |                       |                    |              |                       |
| 44 |  |                    |                       | <b>June</b>        | <b>July</b>  | <b>August</b>         |
| 45 |  |                    |                       |                    |              |                       |
| 46 | Dolls Sold   |                    |                       | data               | data         | data                  |
| 47 |  |                    |                       | £                  | £            | £                     |
| 48 | Sales  |                    |                       | data               | data         | data                  |
| 49 | Variable Costs   |                    |                       | data               | data         | data                  |
| 50 |  |                    |                       | data               | data         | data                  |
| 51 | Fixed Costs  |                    |                       | data               | data         | data                  |
| 52 | Profit/Loss  |                    |                       | data               | data         | data                  |
| 53 |  |                    |                       |                    |              |                       |
| 54 | <b>Total Profit for 3 month period</b>                                     |                    | data                  |                    |              |                       |

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**National Qualifications 2012**  
**Standard Grade Accounting and Finance - Practical Abilities**  
**Instructions to Teachers on the Project**

**1 General**

Please study carefully paragraph 5 4 *Internal Assessment of Practical Abilities* of the Arrangements in Accounting and Finance document issued in 1990.

**2 Instructions for Candidates**

You should issue a project, at the appropriate Level, to each candidate and instruct the candidates to:

- a check the contents of the project;
- b enter details of their Centre, Name, Date of Birth and Scottish Candidate Number on the front cover of the **Internal Assessment Flyleaf**.

You should remind the candidates that:

- c the project **must** be their own work. If it is established that the work of another candidate has been submitted as their own, the Scottish Qualifications Authority may cancel awards in all their subjects;
- d requests for teacher assistance, if excessive, may reduce the grade awarded for the work. (Teachers should distinguish between clarification and assistance - see paragraph 5 4 2 of the Arrangements);
- e no work or material may be taken out of the centre.

**3 Weightings for Projects**

**1. Foundation Level Project**

*Weighting*

|        |   |   |
|--------|---|---|
| Area A | Source Documents to Trial Balance<br>(Tasks 1 – 18)             | 5 |
| Area B | Financial Statements<br>(Tasks 19 – 21)                         | 3 |
| Area C | Analysis, Interpretation and Decision Making<br>(Tasks 22 – 24) | 2 |

|           |  | <i>Weighting</i> |
|-----------|--|------------------|
| <b>2.</b> | <b>General Level Project</b>                                   |                  |
| Area A    | Source Documents to Trial Balance<br>(Tasks 1 – 5)             | 4                |
| Area B    | Financial Statements<br>(Task 6)                               | 3                |
| Area C    | Analysis, Interpretation and Decision Making<br>(Tasks 7 – 10) | 3                |
| <b>3.</b> | <b>Credit Level Project</b>                                    |                  |
| Area A    | Source Documents to Trial Balance<br>(Tasks 1– 4)              | 3                |
| Area B    | Financial Statements<br>(Tasks 5 and 6)                        | 3                |
| Area C    | Analysis, Interpretation and Decision Making<br>(Tasks 7 – 10) | 4                |

#### **4 Assessment**

You should:

- Assess each project and record the marks on the **Internal Assessment Flyleaf** for each candidate concerned in accordance with paragraph 5 4 3 of the Arrangements.
- Enter the final grade for each candidate in the appropriate box on the front page of the **Internal Assessment Flyleaf**.
- Retain these forms and the projects.

Forms to record and submit the final grades to SQA will be issued to centres in Spring 2012. Centres will be informed of the timescales for submission when dates have been finalised.