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NATIONAL  
QUALIFICATIONS  
2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
PROJECT  
General Level

**TITLE: Changes Fancy Dress**

## 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. Your solution to the project **must** be in ink.
5. 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.
6. 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.
7. Remember to enclose your computer printouts with your other solutions.
8. 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

Colin Brown, a sole trader, owns Changes Fancy Dress. This business sells fancy dress outfits. The financial year runs from 1 September to 31 August.

Colin has asked you to assist with the accounts. He provides you with a Trial Balance taken from the ledger accounts for the 11 months to 31 July 2011.

### Trial Balance as at 31 July 2011

	£	£
Premises	22,000·00	
Rates	1,100·00	
Stock	2,575·00	
Broadband and Telephone	510·00	
Discount Received		130·00
Cash	420·00	
Bank	3,267·00	
Fixtures and Fittings	2,500·00	
Vehicle	3,000·00	
Wages	1,438·00	
<b>Debtors:</b> Queen Drama Group	300·00	
Star Dance Group	130·00	
<b>Creditors:</b> Masks 4 U		550·00
WigsULike		120·00
Sales		21,000·00
Sales Returns	300·00	
VAT		1,700·00
Purchases	10,500·00	
Purchases Returns		300·00
Advertising	360·00	
Heat and Light	400·00	
Insurance	1,000·00	
Drawings	4,000·00	
Capital		30,000
	£53,800·00	£53,800·00

#### Task 1


Open appropriate ledger accounts on 1 August 2011 to record the above information.

**Note:** Leave half a page for each of the Bank, Sales and VAT accounts; all other pages should contain no more than 3 accounts.

## Errors are Found

On checking the accounts on 1 August, you find the following errors:

- (a) A counterfoil from a Bank Pay-in Slip has been found. No entries have been made in the ledger.

<b>The Tartan Bank</b>	
<b>PAY IN ACKNOWLEDGEMENT</b>	
<b>Date:</b>	<i>30/07/11</i>
<b>Sales</b>	<i>£260.00</i>
<b>VAT</b>	<i>£52.00</i>
<b>Total</b>	<i>£312.00</i>
<b>Teller's Date Stamp and Initials</b>	
<b>24344454</b>	
<b>55 77 99</b>	

- (b) A cabinet purchased at a cost of £400 and used to display wigs and masks has been entered in the Purchases account instead of the Fixtures and Fittings account.

### Task 2

Correct the above errors in the ledger accounts on 1 August 2011.

# Recording Transactions for the Month of August

## Task 3

Use the documents/correspondence contained on pages 5–11 to record the transactions in the appropriate ledger accounts.

### The Tartan Bank

#### CHEQUE COUNTERFOIL

4 August 20 11

Part-time Wages - Shop

Staff

**Amount:** £210.00

0010117

Local Advertising  
35B Industrial Estate  
Musselburgh  
East Lothian

Debit Card \*\*\*\* \* 4513  
Expiry Date December 2013

#### Cardholder Copy

Advertising	£195.00
VAT	£39.00
<b>Amount</b>	<b>£234.00</b>

Thank you  
1328 hrs 06/08/11

### The Tartan Bank

#### PAY IN ACKNOWLEDGEMENT

**Date:** 2 August 2011

**Sales** £170.00

**VAT** £34.00

**Total** £204.00

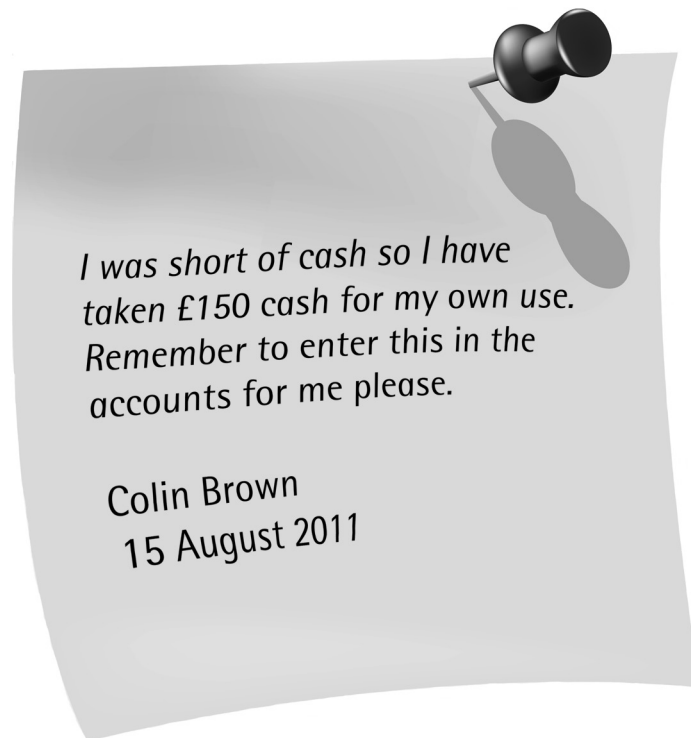
#### Teller's Date Stamp and Initials

24344454

55 77 99



Colin has had to go out before you arrive for work and has left you the following note:



Cash Sales paid directly into the Bank

<b>Banked</b>		<b>Banked</b>	
16 August 2011		30 August 2011	
Sales	£950·00	Sales	£910·00
VAT	£190·00	VAT	£182·00
Total	£1,140·00	Total	£1,092·00

# INVOICE

**Dress Up**  
24 Highway Grove  
Whitburn  
West Lothian  
PE22 3RR

Invoice No 22909

18 August 2011

01454 238674

[costumes@hotmail.co.uk](mailto:costumes@hotmail.co.uk)

**To: Changes Fancy Dress**  
34 Redpath Road  
Ormiston  
East Lothian  
EH31 3FD

Quantity	Description	Unit Price	Cost
1	Wizard Hat and Gown	£12·00	£12·00
2	Fairy Godmother Suits (Small)	£9·00	£18·00
5	Pirate Sets	£10·00	£50·00
3	Arab Prince Robes	£10·00	£30·00
9	Witch Costumes and Brooms	£10·00	£90·00
			£200·00
	Less 10% Trade Discount		£20·00
	Net Goods Value		£180·00
	VAT @ 20%		£36·00
	<b>Total</b>		£216·00

# INVOICE



Changes Fancy Dress  
 34 Redpath Road  
 Ormiston  
 East Lothian  
 EH31 3FD

Invoice No 117

changes@speedmail.co.uk

18 August 2011

Queen Drama Group  
 Old Clubhouse  
 Pencaitmore  
 East Lothian  
 EH14 5MM

Quantity	Description	Unit Price	Cost
2	Pirate Girl Costumes	£8.00	£16.00
4	Pirate Boy Costumes	£9.50	£38.00
2	Pirate Dog Costumes	£6.00	£12.00
4	Film Star Wigs	£6.00	£24.00
			£90.00
	VAT @ 20%		£18.00
	<b>Amount Due</b>		<b>£108.00</b>



# CREDIT NOTE



Changes Fancy Dress  
 34 Redpath Road  
 Ormiston  
 East Lothian  
 EH31 3FD

Credit Note No 10

changes@speedmail.co.uk

21 August 2011

Queen Drama Group  
 Old Clubhouse  
 Pencaitmore  
 East Lothian  
 EH14 5MM

Quantity	Description	Unit Price	Cost
1	Pirate Boy Costume (too late)	£6.00	£6.00
2	Film Star Wigs (wrong style)	£6.00	£12.00
1	Gorilla Costume (faulty)	£22.00	£22.00
		Net Goods Value	£40.00
		VAT @ 20%	£8.00
		<b>Total</b>	<b>£48.00</b>

# INVOICE

Invoice No 2376

Masks 4 U  
34 High Grove Park  
Edinburgh

23 August 2011

[www.masks@yaloo.uk](mailto:www.masks@yaloo.uk)

Changes Fancy Dress  
34 Redpath Road  
Ormiston  
East Lothian  
EH31 3FD

Quantity	Description	Unit Price	Cost
5	Old Witch	£3.00	£15.00
2	Happy Clown	£2.50	£5.00
10	Glow in Dark	£5.00	£50.00
20	Junior Pig	£1.50	£30.00
			£100.00
	Less 10% Trade Discount		£10.00
	Net Goods Value		£90.00
	VAT @ 20%		£18.00
	<b>Amount due</b>		£108.00

You receive the following message from Colin on 24 August at 1535 hours

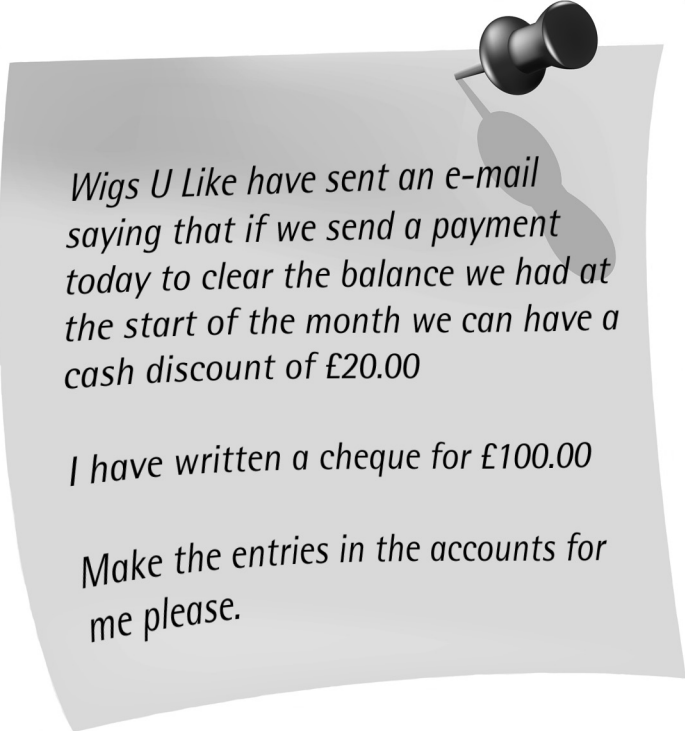
Hello

The Star Dance Group have financial problems. I have agreed to accept 50% of the amount they owe and write off the rest as a bad debt. I have paid the cheque into the bank.

Please deal with this in the accounts.

Colin

Colin has left you the following instructions on 25 August.



*Wigs U Like have sent an e-mail saying that if we send a payment today to clear the balance we had at the start of the month we can have a cash discount of £20.00*

*I have written a cheque for £100.00*

*Make the entries in the accounts for me please.*

## The Bank Statement

You receive the following Bank Statement for the month of August 2011. On checking it, you find the balance on this statement is different from the Bank Account balance.

### The Tartan Bank

**34 South Doors  
Prestonpans  
East Lothian  
EH30 2WW**

Account No: 24344454  
Sort Code: 55-77-99

30 August 2011

Changes Fancy Dress  
34 Redpath Road  
Ormiston  
East Lothian  
EH31 3FD

Date		Dr	Cr	Balance
2011		£	£	£
1 August	Balance		3,267.00	3,267.00
1 August	Deposit		312.00	3,579.00
6 August	Debit Local Advertising	234.00		3,345.00
6 August	Deposit		204.00	3,549.00
8 August	Cheque	210.00		3,339.00
16 August	Deposit		1,140.00	4,479.00
28 August	Deposit		65.00	4,544.00
30 August	D/D Broadband/Telephone	55.00		4,489.00
30 August	Bank Charges	30.00		4,459.00

D/D Direct Debit S/O Standing Order

#### **Task 4**

- (a) Update the Bank Account and any other relevant ledger accounts.
- (b) Prepare a Bank Reconciliation Statement as at 31 August 2011.

## **Checking Your Accuracy**

At the end of August you decide to check the accuracy of the accounts.

#### **Task 5**

Draw up a Trial Balance as at 31 August 2011.

## **End of Year Accounts**

Colin wants to know if the business has made a profit or loss for the year.

#### **Task 6**

Using the Trial Balance as at 31 August 2011 and the notes below, prepare:

- (a) the Trading and Profit and Loss Accounts for the year ended 31 August 2011;
- (b) the Balance Sheet as at 31 August 2011.

#### **Notes**

- Closing Stock is valued at £3,205.
- Insurance of £40 has been paid for September 2011.
- Vehicles and Fixtures and Fittings should be depreciated by 10% per annum.
- Wages due for August amount to £75.

## Interpreting the First Year's Accounts

Colin attended a course at the local college on how to make sense of business accounts. He was told that a business the size of his should aim to have the following ratios:

Gross Profit Percentage	<b>65%</b>
Net Profit Percentage	<b>39%</b>
Rate of Stock Turnover	<b>5 times</b>
Working Capital Ratio	<b>2:1</b>
Return on Capital Invested	<b>28%</b>

### Task 7

Calculate similar ratios (to 2 decimal places) for **Changes Fancy Dress** using the final accounts in **Tasks 6a and 6b**.

### Task 8

Using the ratios you have calculated for Changes Fancy Dress:

- compare Changes Fancy Dress ratios with the ones for the similar business;
- suggest one possible reason for any difference between them;
- recommend how Colin could improve Changes Fancy Dress Ratios.

**Use the layout below for each ratio.**

Name of Ratio	
Similar Business	
Changes Fancy Dress	
Comparison	
Reason for difference	
How to improve ratio further	

## Customer Feedback

Colin has had complaints that the masks he sells are not very frightening!

Colin now wants to sell face paints in packs to allow the more daring customers to express themselves. Colin sets a target of selling 200 packs a year at £18 each.

Below are the estimated costs:

### Variable costs per pack

- White Matt Foundation           £3·50
- Lip Paints                           £1·50
- Eye Paint                           £2·50
- Eyeliner                           £2·00
- Packaging                           £0·50

### Fixed Costs:

- One part-time employee—4 hours a week at £5·50 an hour for 50 weeks in the year
- Advertising this new product—£180

#### Task 9\*

Using a computer, open the file “Gen1”

- (a) From the above information, prepare a table analysing the Fixed Costs, Variable Costs, Total Costs, Total Revenue and Profit/Loss at sales of:

0, 40, 80, 120, 160, 200, 240, 280, and 320

- (b) Enter the Break-even Point in the shaded cell at the bottom of the spreadsheet.
- (c) Print out a copy of the spreadsheet and attach to your other solutions.

**Task 10**

Colin asks you if you think he should go ahead with this idea. Prepare a Report to him explaining what happens when the following number of packs are sold:

- (a) Sales are 80 packs per year;
- (b) Sales are 280 packs per year;
- (c) Sales are 200 packs per year and
- (d) Advise Colin if he should go ahead with this idea. Give one reason for your recommendation.

*[END OF PROJECT]*



NATIONAL  
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2012

ACCOUNTING AND FINANCE  
STANDARD GRADE  
PROJECT  
General 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(a) 4(a)	4(b)	5	6(a)	6(b)	7	8	9	10
MARKS AVAILABLE FOR TASK(S)	69	6	28	32	28	16	20	16	5
ACTUAL MARKS FOR TASK(S)									
MARKS AVAILABLE FOR AREA	103			60		57			
ACTUAL MARKS FOR AREA									

The above grid is for teacher's use.

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FOR OFFICIAL USE

0010	ST
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**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  
General Level

**TITLE: Changes Fancy Dress**

**SOLUTIONS AND SUGGESTED  
MARKING SCHEME**

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

**TASKS 1, 2, 3 and 4a**

<b>Premises</b>		£	£	£	
Date	Details	Dr	Cr	Bal	
1-Aug	Balance	22,000.00	<b>1</b>	22,000.00	<b>1</b>
<b>Rates</b>					
1-Aug	Balance	1,100.00	<b>1</b>	1,100.00	<b>1</b>
<b>Stock</b>					
1-Aug	Balance	2,575.00	<b>1</b>	2,575.00	<b>1</b>
<b>Broadband and Telephone</b>					
1-Aug	Balance	510.00	<b>1</b>	510.00	
30-Aug	Bank	55.00	<b>1</b>	565.00	<b>2</b>
<b>Discount Received</b>					
1-Aug	Balance		<b>1</b>	130.00	
25-Aug	Wigs U Like		<b>1</b>	20.00	<b>2</b>
<b>Cash</b>					
1-Aug	Balance	420.00		<b>1</b>	420.00
15-Aug	Drawings		<b>1</b>	150.00	<b>2</b>
<b>Bank</b>					
1-Aug	Balance	3,267.00		<b>1</b>	3,267.00
2-Aug	Sales & VAT	312.00		<b>1</b>	3,579.00
4-Aug	Wages		<b>1</b>	210.00	3,369.00
6-Aug	Advertising & VAT		<b>1</b>	234.00	3,135.00
6-Aug	Sales & VAT	204.00		<b>1</b>	3,339.00
16-Aug	Sales & VAT	1,140.00		<b>1</b>	4,479.00
24-Aug	Star Dance Group	65.00		<b>1</b>	4,544.00
25-Aug	Wigs U Like		<b>1</b>	100.00	4,444.00
30-Aug	Sales & VAT	1,092.00	<b>1</b>		5,536.00
30-Aug	Broadband D/D		<b>1</b>	55.00	5,481.00
30-Aug	Bank Charges		<b>1</b>	30.00	5,451.00
<b>Fixtures and Fittings</b>					
1-Aug	Balance	2,500.00	<b>1</b>	2,500.00	
1-Aug	Purchases	400.00	<b>1</b>		<b>2</b>
<b>Vehicle</b>					
1-Aug	Balance	3,000.00	<b>1</b>	3,000.00	<b>1</b>
<b>Wages</b>					
1-Aug	Balance	1,438.00	<b>1</b>	1,438.00	
4-Aug	Bank	210.00	<b>1</b>		<b>2</b>



<b>Queen Drama Group (debtor)</b>					
1-Aug	Balance	300.00	<b>1</b>		300.00
18-Aug	Sales & VAT	108.00	<b>1</b>		408.00
21-Aug	Sales Returns & Vat		<b>1</b>	48.00	360.00
<b>Star Dance Group</b>					
1-Aug	Balance	130.00	<b>1</b>		130.00
24-Aug	Bank		<b>1</b>	65.00	65.00
24-Aug	Bad Debts		<b>1</b>	65.00	0.00
<b>Masks 4 U (creditor)</b>					
1-Aug	Balance		<b>1</b>	550.00	550.00
23-Aug	Purchases & VAT		<b>1</b>	108.00	658.00
<b>Wigs U Like (creditor)</b>					
1-Aug	Balance		<b>1</b>	120.00	120.00
25-Aug	Bank	100.00	<b>1</b>		20.00
25-Aug	Discount Received	20.00	<b>1</b>		0.00
<b>Sales</b>					
1-Aug	Balance		<b>1</b>	21,000.00	21,000.00
2-Aug	Bank		<b>1</b>	260.00	21,260.00
6-Aug	Bank		<b>1</b>	170.00	21,430.00
16-Aug	Bank		<b>1</b>	950.00	22,380.00
18-Aug	Queen Drama Group		<b>1</b>	90.00	22,470.00
30-Aug	Bank		<b>1</b>	910.00	23,380.00
<b>Sales Return</b>					
1-Aug	Balance	300.00	<b>1</b>		300.00
21-Aug	Queen Drama Group	40.00	<b>1</b>		340.00
<b>VAT</b>					
1-Aug	Balance		<b>1</b>	1700.00	1,700.00
2-Aug	Bank		<b>1</b>	52.00	1,752.00
6-Aug	Bank	39.00	<b>1</b>		1,713.00
6-Aug	Bank		<b>1</b>	34.00	1,747.00
16-Aug	Bank		<b>1</b>	190.00	1,937.00
18-Aug	Dress Up	36.00	<b>1</b>		1,901.00
18-Aug	Queen Drama Group		<b>1</b>	18.00	1,919.00
21-Aug	Queen Drama Group	8.00	<b>1</b>		1,911.00
23-Aug	Masks 4 U	18.00	<b>1</b>		1,893.00
30-Aug	Bank		<b>1</b>	182.00	2,075.00

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

<b>Purchases</b>					
1-Aug	Bal	10,500-00	<b>1</b>	10,500-00	
1-Aug	Fixtures and Fittings	<b>1</b>	400-00	10,100-00	
18-Aug	Dress Up	180-00	<b>1</b>	10,280-00	
23-Aug	Masks 4 U	90-00	<b>1</b>	10,370-00	<b>4</b>
<b>Purchases Returns</b>					
1-Aug	Balance	<b>1</b>	300-00	300-00	<b>1</b>
<b>Advertising</b>					
1-Aug	Balance	360-00	<b>1</b>	360-00	
6-Aug	Bank	195-00	<b>1</b>	555-00	<b>2</b>
<b>Heat and Light</b>					
1-Aug	Balance	400-00	<b>1</b>	400-00	<b>1</b>
<b>Dress Up</b>					
18-Aug	Purchases & VAT	<b>1</b>	216-00	216-00	<b>1</b>
<b>Insurance</b>					
1-Aug	Balance	1,000-00	<b>1</b>	1,000-00	<b>1</b>
<b>Drawings</b>					
1-Aug	Balance	4,000-00	<b>1</b>	4,000-00	
15-Aug	Cash	150-00	<b>1</b>	4,150-00	<b>2</b>
<b>Capital</b>					
1-Aug	Balance	<b>1</b>	30,000-00	30,000-00	<b>1</b>
<b>Bad Debts</b>					
24-Aug	Star Dance Group	65-00	<b>1</b>	65-00	<b>1</b>
<b>Bank Charges</b>					
30-Aug	Bank	30-00	<b>1</b>	30-00	<b>1</b>

**(15)**

**TASK 4b**

<b>Bank Reconciliation Statement</b>				
<b>As at 31 August 2011</b>		<b>1</b>		
			£	£
	Balance as per Bank Statement			4,459.00
				<b>1</b>
	<b>Less Unpresented Cheques</b>			
	Wigs 4 U		100.00	100.00
				<b>1</b>
				4,359.00
				<b>1</b>
	<b>Add Amounts Not Credited</b>			
	Sales			1,092.00
				<b>1</b>
	Balance as per Bank Account			<u>£5,451.00</u>
				<b>1</b>
				<b>(6)</b>
	<b>OR</b>			
<b>Bank Reconciliation Statement</b>				
<b>As At 31 August 2011</b>		<b>1</b>		
			£	£
	Balance as per Bank Account			5,451.00
				<b>1</b>
	<b>Add Unpresented Cheques</b>			
	Wigs 4 U			100.00
				<b>1</b>
				5,551.00
				<b>1</b>
	<b>Less Amounts Not Credited</b>			
	Sales			1,092.00
				<b>1</b>
	Balance as per Bank Statement			<u>£4,459.00</u>
				<b>1</b>
				<b>(6)</b>

**TASK 5**

<b>Trial Balance</b>		
<b>as at 31 August 2011</b>	<b>1</b>	
	<b>Dr</b>	<b>Cr</b>
	£	£
Premises	22,000.00	<b>1</b>
Rates	1,100.00	<b>1</b>
Stock	2,575.00	<b>1</b>
Telephone and Broadband	565.00	<b>1</b>
Discount Received	<b>1</b>	150.00
Cash	270.00	<b>1</b>
Bank	5,451.00	<b>1</b>
Fixtures & Fittings	2,900.00	<b>1</b>
Vehicle	3,000.00	<b>1</b>
Wages	1,648.00	<b>1</b>
Queen Drama Group	360.00	<b>1</b>
Masks 4 U	<b>1</b>	658.00
Sales	<b>1</b>	23,380.00
Sales Returns	340.00	<b>1</b>
VAT	<b>1</b>	2,075.00
Purchases	10,370.00	<b>1</b>
Purchases Returns	<b>1</b>	300.00
Advertising	555.00	<b>1</b>
Heat & Light	400.00	<b>1</b>
Dress Up	<b>1</b>	216.00
Insurance	1,000.00	<b>1</b>
Drawings	4,150.00	<b>1</b>
Capital	<b>1</b>	30,000.00
Bad Debts	65.00	<b>1</b>
Bank Charges	30.00	<b>1</b>
	<b>1</b>	
	<b>£56,779.00</b>	<b>£56,779.00</b>

**1**  
**(28)**

**TASK 6a**

<b>Changes Fancy Dress</b>						
<b>Trading, Profit and Loss Account for year ending 31 August 2011</b>						
				£	£	£
Sales						23,380·00
Less Returns						340·00
						<u>23,040·00</u>
<b>Less Cost of Goods Sold</b>						
Opening Stock					2,575·00	<b>1</b>
Add Purchases		<b>1</b>	10,370·00			
Less Returns		<b>1</b>	300·00	10,070·00		<b>1</b>
				<b>1</b>	12,645·00	
Less Closing Stock		<b>1</b>		<b>1</b>	3,205·00	9,440·00
Gross Profit						13,600·00
Add Discount Received						150·00
						<u>13,750·00</u>
<b>Less Expenses</b>						
Broadband and Telephone					565·00	<b>1</b>
Wages		<b>1</b>	1,648·00			
Add amount due		<b>1</b>	75·00	1,723·00		<b>1</b>
Advertising				555·00		<b>1</b>
Heat and Light				400·00		<b>1</b>
Insurance		<b>1</b>	1,000·00			
Less Prepaid		<b>1</b>	40·00	960·00		<b>1</b>
Bad Debts				65·00		<b>1</b>
Bank Charges				30·00		<b>1</b>
<b>Provision for Depreciation:</b>						
	Fixtures and Fittings				290·00	<b>2</b>
	Vehicles				300·00	<b>2</b>
Rates					1,100·00	<b>1</b> 5,988·00
Net Profit						<u>£7,762·00</u>

**(32)**

**TASK 6a**

<b>Changes Fancy Dress</b>				
<b>Balance Sheet as at 31 August 2011</b>				
		£	£	£
<b>Fixed Assets</b>		<b>Cost</b>	<b>Depreciation</b>	<b>Net Book Value</b>
Premises	<b>1</b>	22,000·00		22,000·00
Fixtures and Fittings	<b>1</b>	2,900·00	290·00	<b>1</b> 2,610·00
Vehicles	<b>1</b>	3,000·00	300·00	<b>1</b> 2,700·00
		<b>27,900·00</b>	<b>590·00</b>	<b>27,310·00</b>
<b>Current Assets</b>				
Stock			3,205·00	<b>1</b>
Debtors (Queen Drama Group)			360·00	<b>1</b>
Cash			270·00	<b>1</b>
Bank			5,451·00	<b>1</b>
Pre-paid Insurance			40·00	<b>1</b>
			<b>9,326·00</b>	<b>1</b>
<b>Less Current Liabilities</b>				
Creditors (Masks 4 U £658, Dress Up £216)		874·00	<b>2</b>	
VAT		2,075·00	<b>1</b>	
Wages due		75·00	<b>1</b> 3,024·00	<b>1</b> 6,302·00
				<b>1</b> <b>£33,612·00</b>
<b>Financed By</b>				
Capital				30,000·00
Add Net Profit				7,762·00
				<b>37,762·00</b>
Less Drawings				4,150·00
				<b>1</b> <b>£33,612·00</b>

**(28)**

**TASK 7**

Name of Ratio	Gross Profit Percentage
<b>Changes Fancy Dress</b>	$\frac{\text{Gross Profit}}{\text{Sales}} \times 100\%$ $\frac{13,600}{23,040} \times 100\%$ $= 59.02\%$

**3**

Name of Ratio	Net Profit Percentage
<b>Changes Fancy Dress</b>	$\frac{\text{Net Profit}}{\text{Sales}} \times 100\%$ $\frac{7,762}{23,040} \times 100\%$ $= 33.69\%$

**3**

Name of Ratio	Rate of Stock Turnover
<b>Changes Fancy Dress</b>	$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}}$ $\frac{£9,440}{\frac{£2,575 + £3,205}{2}}$ $= \frac{£9,440}{£2,890}$ $= 3.26 \text{ times}$

**4**

Name of Ratio	Working Capital Ratio
<b>Changes Fancy Dress</b>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$ $\frac{9,326}{3,024}$ $= 3.08 : 1$

**3**

**TASK 7 (continued)**

Name of Ratio	Return on Capital Invested
<b>Changes Fancy Dress</b>	$\frac{\text{Net Profit}}{\text{Capital Invested}} \times 100\%$ $\frac{1}{1}$ $\frac{\underline{\pounds 7,762}}{\pounds 30,000} \times 100\%$ $= 25.87\% \quad \mathbf{1}$

**3**  
**(16)**



**TASK 8**

<b>Name of Ratio</b>	Gross Profit Percentage	
<b>Similar Business</b>	65%	
<b>Changes Fancy Dress</b>	59.02%	<b>1</b>
<b>Comparison</b>	We are not performing as well as the similar business.	<b>1</b>
<b>Reason for difference</b>	May have more expensive supplier May not be getting bulk discounts. Lower selling price.	<b>1</b>
<b>How to improve ratio</b>	Look for new suppliers with better discounts. Consider increasing selling price.	<b>1</b>

<b>Name of Ratio</b>	Net Profit Percentage	
<b>Similar Business</b>	39%	
<b>Changes Fancy Dress</b>	33.69%	<b>1</b>
<b>Comparison</b>	We are not performing as well as the similar business. Net Profit percentage is lower.	<b>1</b>
<b>Reason for difference</b>	We have less control over our expenses. Our Gross Profit was lower.	<b>1</b>
<b>How to improve ratio</b>	We must control expenses which are increasing and change supplier if necessary.	<b>1</b>

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

**TASK 8 (continued)**

<b>Name of Ratio</b>	Rate of Stock Turnover	
<b>Similar Business</b>	<b>5 times</b>	
<b>Changes Fancy Dress</b>	<b>3.26 times</b>	<b>1</b>
<b>Comparison</b>	<b>We are slower at selling stock compared to the similar business.</b>	<b>1</b>
<b>Reason for difference</b>	<b>We may be holding more stock. We are not advertising enough to promote the stock to get it to sell more quickly.</b>	<b>1</b>
<b>How to improve ratio</b>	<b>Advertise in new places to attract more customers. Monitor stock levels to avoid holding too much stock.</b>	<b>1</b>

<b>Name of Ratio</b>	Working Capital Ratio	
<b>Similar Business</b>	<b>2:1</b>	
<b>Changes Fancy Dress</b>	<b>3.08:1</b>	<b>1</b>
<b>Comparison</b>	<b>The similar business has the ideal ratio of 2:1. We have £3.08 for every £1 of debt.</b>	<b>1</b>
<b>Reason for difference</b>	<b>We may have more debtors, cash or bank than the average business which has the ideal ratio.</b>	<b>1</b>
<b>How to improve ratio</b>	<b>We must reduce the bank, debtors and cash. We should look for an investment account for surplus bank amounts.</b>	<b>1</b>

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

<b>Name of Ratio</b>	Return on Capital Invested	
<b>Similar Business</b>	28%	
<b>Changes Fancy Dress</b>	25%	<b>1</b>
<b>Comparison</b>	<b>We have had a lower return than the average business.</b>	<b>1</b>
<b>Reason for difference</b>	<b>We had lower Net Profit Percentages than the average firm</b>	<b>1</b>
<b>How to improve ratio</b>	<b>Make sure that expenses are controlled to allow Net Profit to increase. This is a relatively new business and expenses have to be monitored.</b>	<b>1</b>

**(5 ratios × 4 marks maximum)**

**(20)**

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

**TASK 9**

Candidate's Name and School					
		£	£		
<b>Selling Price</b>			18.00	<b>1</b>	
<b>Variable Costs:</b>					
White Matt Foundation	<b>1</b>	3.50	<b>1</b>		
Lip Paint	<b>1</b>	1.50	<b>1</b>		
Eye Paint	<b>1</b>	2.50	<b>1</b>		
Eyeliner	<b>1</b>	2.00	<b>1</b>		
Packaging	<b>1</b>	0.50	<b>1</b>	10.00	
<b>Fixed Costs</b>					
Wages	<b>1</b>	1100.00	<b>1</b>		
Advertising	<b>1</b>	180.00	<b>1</b>	1280.00	
<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>
0	1280.00	0.00	1280.00	0.00	-1280.00
40	1280.00	400.00	1680.00	720.00	-960.00
80	1280.00	800.00	2080.00	1440.00	-640.00
120	1280.00	1200.00	2480.00	2160.00	-320.00
160	1280.00	1600.00	2880.00	2880.00	0.00
200	1280.00	2000.00	3280.00	3600.00	320.00
240	1280.00	2400.00	3680.00	4320.00	640.00
280	1280.00	2800.00	4080.00	5040.00	960.00
320	1280.00	3200.00	4480.00	5760.00	1280.00
<b>Break even point is</b>		<b>1</b>	<b>160</b>	<b>Face Paint Packs</b>	

**(16)**

**TASK 10**

- (a) If Colin only sells 80 packs then he will make a loss of £640. **1**
- (b) If Colin manages to sell 280 packs then he will make a profit of £960. **1**
- (c) If Colin manages to sell 200 packs then he will make a profit of £320. **1**
- (d) I think Colin should go ahead as he will make a profit of £320 when he meets his target of 200 packs OR Colin has a target of 200 packs per year which is more than the 160 packs per year to break even. **1** **1** **(2 max)**
- 1** OR I do not think Colin should go ahead as he has set a target of 200 packs a year which is only 40 packs more than he must sell to break-even. **1** **(2 max)**

**Watch for consequentiality for reasons and award marks where appropriate.**

**(5)**

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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

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

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