



Higher
Coursework
Assessment Task



Higher Accounting Assignment Assessment Task — GrangeChem Ltd

Valid for session 2024–25 only.

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Instructions for candidates

This assessment applies to the assignment for Higher Accounting.

This assignment is worth 60 marks. This is 33% of the overall marks for the course assessment.

It assesses the following skills, knowledge and understanding:

- ♦ selecting appropriate data to prepare accounting statements using computational techniques and appropriate layouts
- ♦ comparing, analysing and making decisions using a range of complex accounting information
- ♦ making appropriate use of spreadsheet software to complete the assignment
- ♦ preparing a report outlining reasons for the decisions taken

Your teacher or lecturer will let you know if there are any specific conditions for doing this assessment.

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

- ♦ in the order presented
- ♦ in one block of 2 hours and 30 minutes (excluding printing time) — all printing must be completed on the same day as the assignment

You must use the e-file (**Task_2**) supplied by SQA to complete task 2 using spreadsheet software. **This file must not be adapted; for example, adding or deleting columns or rows or changing print settings.**

You can use the e-file (**Task_1b**) supplied by SQA to complete task 1(b) using word-processing software.

Make sure you display your name, Scottish Candidate Number (SCN) and task clearly on each printout you submit. This information can be keyed in or handwritten.

Assessment Task

You have recently taken up the position of trainee accountant with JJJ Accountants based in Dundee. Senior accountant Mrs Harris has asked for your assistance in completing the tasks below for their client GrangeChem Ltd.

Task	Description	Marks
1	(a) Using information from the financial records of GrangeChem Ltd, prepare a Manufacturing Account and Income Statement (up to Profit for the Year before tax) for the year ended 31 December Year 4.	27
	You can complete task 1(a) as a handwritten task or by using spreadsheet software. (b) Prepare a short report on the types of inventory used by GrangeChem Ltd. You can complete task 1(b) as a handwritten task or on the template provided (Task_1b).	3
2	Prepare Process Costing Accounts for GrangeChem Ltd. You must complete task 2 using the template provided (Task_2) and submit printouts as evidence. Print one copy of your spreadsheet in value view and one copy in formula view.	13
3	Prepare a Production Budget and a Cash Budget for GrangeChem Ltd. You can complete task 3 as a handwritten task or by using spreadsheet software.	17
	Total marks	60

Task 1(a)

The following is a list of balances extracted from the financial records of GrangeChem Ltd for the year ended 31 December Year 4.

Select the items necessary to prepare the **Manufacturing Account** and **Income Statement** to determine Profit for the Year before tax.

	£000
Inventories at 1 January Year 4:	
Raw Materials	175
Work-in-Progress	168
Finished Goods	160
Purchases of Raw Materials	948
Carriage In on Raw Materials	41
Wages	360
Indirect Factory Power	132
Sales Revenue	3,100
Heat and Light	65
Royalties	92
Purchases of Finished Goods	105
Purchases Returns of Finished Goods	22
Rent and Rates	255
Office Expenses	325
Factory Machinery (at cost)	650
Vehicles (at cost)	400
Advertising	10
Provision for Doubtful Debts	12
Trade Receivables	70
Provision for Depreciation:	
Factory Machinery	175
Vehicles	95
Insurance	40
Administration Expenses	265
Purchases Returns of Raw Materials	25
Factory Cleaning	25
Factory Maintenance	75
Warehouse Expenses	22

NOTES

- 1 Inventories at 31 December Year 4:

	£000
Raw Materials	160
Work-in-Progress	157
Finished Goods	161

- 2 Wages are to be shared:

Manufacturing	50%
Indirect Factory	20%
Warehouse	15%
Administration	15%

- 3 Rent and Rates has been paid for the 15 months ending 31 March Year 5. These have to be allocated 75% to the Factory and 25% to Administration.
- 4 Depreciation for the year is to be provided as follows:
Factory Machinery — 20% on the reduced balance
Vehicles — 10% on cost
- 5 The Provision for Doubtful Debts is to be adjusted to 10% of Trade Receivables.
- 6 Insurance is to be split between the Factory and the Office in the ratio of 3:2.
- 7 Factory Cleaning of £5,000 is payable.
- 8 Heat and Light is to be split — 80% to the Factory and 20% to the Office.
- 9 Finished Goods are transferred to the warehouse at an estimated market value of £1,950,000.

Task 1(b)

You can handwrite this task or use file Task_1b to complete it.

Prepare a short report for Mrs Harris on types of inventory used by GrangeChem Ltd. Your report should outline the 3 types of inventory shown below.

- ◆ Raw Materials
- ◆ Work-in-Progress
- ◆ Finished Goods

Task 2

GrangeChem Ltd produces Chemical C in 3 separate processes. The following data is for Process 2, which combines 2 kg of Material X with 1 kg of material from Process 1.

From Process 1	800 kg @ £10.00 per kg
Material X	? kg @ £7.00 per kg
Labour	400 hours at £15.00 per hour
Fixed Overheads	10% of Prime Cost
Variable Overheads	£4.00 per labour hour if total input quantity is more than 2,300 kg £4.50 per labour hour if total input quantity is 2,300 kg or less
Normal Loss	10% of total input quantity
Closing Work-in-Progress	450 kg at £3,940
Good output transferred to Process 3	1,500 kg

All losses can be sold for £6.00 per kg.

Using the **Task_2** template provided, prepare the:

- (a) Process 2 Account
- (b) Abnormal Loss Account

Once complete, print one copy of your spreadsheet in value view and one copy in formula view.

Copy of e-file: Task_2

	A	B	C	D	E	F	G	H	I	J
1	Task 2									
2	Name:									
3										
4	Materials				Labour					
5	Quantity from Process 1 (kg)	800			Hours worked in Process 2	d				
6	Price per kg from Process 1 (£)	d			Rate per hour (£)	d				
7	Quantity of Material X (kg)	f								
8	Price per kg for Material X (£)	d			Variable Overheads					
9					Input quantity more than 2,300 kgs	d	per labour hour (£)			
10	All losses are sold (per kg) at a rate of (£)	6.00			Input quantity 2,300 kgs or less	d	per labour hour (£)			
11										
12										
13	PROCESS 2 ACCOUNT									
14		INPUTS			OUTPUTS			BALANCE		
15		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
16	d	f	f	f				f	f	f
17	d	f	f	f				f		f
18	d			f				f		f
19	d			f				f		f
20	d			f				f		f
21	d				f	f	f	f		f
22	d				d		d	f	f	f
23	d				d	f	f	f	f	f
24	d				f	f	f	f		f
25										
26										
27	ABNORMAL LOSS ACCOUNT									
28		INPUTS			OUTPUTS			BALANCE		
29		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
30	d	f	f	f				f	f	f
31	d				f	f	f	f		f
32	d					f				f

Task 3

The following budgeted data is available for GrangeChem Ltd for year 5.

	January	February	March	April	May	June	July
Sales units	2,500	3,000	2,800	3,100	2,700	2,900	3,000

The closing inventory for each month is expected to be 20% of the following month's sales.

- (a) Prepare the Production Budget for the 6 months January–June.

The following information is also available:

- 1 The Cash and Cash Equivalents balance on 1 March Year 5 is estimated to be £20,000.
 - 2 The retail selling price per unit is £70.
 - ◆ Credit sales are expected to be 70% of total sales.
 - ◆ 60% of all credit sales will be paid for one month after sale, and will receive a discount of 10%.
 - ◆ The remainder are expected to be paid 2 months after sale; but it is estimated that 5% of this amount will be written off as a bad debt.
 - 3 Materials are purchased at £20 per unit, payable in the month before production.
 - 4 Labour is £15 per unit, payable in the month of production.
 - 5 The advertising budget for year 5 is predicted to be 20% higher than in year 4. This is to be paid quarterly starting in January.
 - 6 Monthly fixed costs (including depreciation of £500) are £1,500.
 - 7 Variable Overheads are £5 per unit; 25% is payable in the month of production, 75% in the month following production.
 - 8 New Factory Machinery will be purchased at a total cost of £150,000. An initial deposit of 20% will be paid in March, with the remainder being paid in equal instalments in the following 2 months.
- (b) Prepare a Cash Budget for the 2 months March and April. Use appropriate information from **task 1(a)** and the information above.

Copyright acknowledgements

None

Administrative information

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History of changes

Version	Description of change	Date

Security and confidentiality

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