Higher coursework assessment task

Qualifications Scotland
Teisteanasan Alba

Higher Accounting
Assignment
Assessment Task — A and B Clothing

Valid for session 2025-26 only.

We provide this assessment to centres in the strictest of confidence. You must keep it in a secure place until it is used, and until the end of the assessment period.

This edition: March 2026 (version 1.0)

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 must 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 Qualifications Scotland to complete task 2(b) using spreadsheet software. You must not adapt this file; for example, adding or deleting columns or rows or changing print settings.

You can use the e-file **Task 3** supplied by Qualifications Scotland to complete task 3(d) using word-processing software.

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

Assessment task

A and B Clothing, a partnership owned by Ashker and Benton, produces school blazers.

You are working as a trainee accountant, reporting directly to Ms A Bacus, Senior Accountant. Ms Bacus has asked you to complete the tasks outlined below.

Task	Description	Marks
1	Using the information provided: ♦ calculate a factory-wide overhead absorption rate ♦ prepare an Overhead Analysis Statement ♦ calculate department overhead absorption rates ♦ calculate the over-absorption or under-absorption of production department overheads	20
2	Prepare a **Production Budget** and a **Cash Budget** for the partnership. You can complete task 2(a) as a handwritten task or by using spreadsheet software. You must complete task 2(b) using the template **Task 2** and submit printouts as evidence. Print one copy of your spreadsheet in **value view** and one copy in **formula view**.	4 13
3	Using information taken from the accounts of A and B Clothing: ♦ prepare the Income Statement (appropriation section only) from Profit for the Year ♦ prepare updated Current Accounts for each partner ♦ calculate the profit or loss on revaluation of assets ♦ calculate the new profit sharing ratio ♦ calculate the new equity account balances for the new partnership Prepare a report to advise A and B Clothing of the advantages of admitting a new partner. You can complete task 3(d) as a handwritten task or using the template **Task 3**.	19 4
	Total marks	**60**

Task 1

A and B Clothing has a factory with 3 production departments; Cutting, Machining and Packaging and 2 service departments; Maintenance and Canteen.

The following are the estimated overheads for year 10:

Indirect labour	£69,200
Indirect materials	£9,000
Machine insurance	£6,000
Property insurance	£16,000
Heat and light	£32,000
Rent	£48,000
Power	£6,000
Machine depreciation	£6,000
Supervision	£25,000
	£217,200

The following information is also available for year 10:

	Cutting	Machining	Packaging	Maintenance	Canteen
Indirect labour	£13,300	£15,650	£19,075	£13,055	£8,120
Direct materials	£40,000	£5,000	£10,000	£6,000	£12,000
Indirect materials	£4,000	£2,000	£3,000		
Area (m^2)	15,000	12,000	3,000	500	1,500
Number of employees	200	100	50	10	40
Kilowatt hours	10,000	8,000	2,000		
Machinery at cost	£30,000	£25,000	£5,000		
Direct machine hours	6,000	3,000	1,000	500	
Direct labour hours	9,000	6,350	7,000	1,800	3,000

The company currently uses a factory-wide overhead absorption rate based on direct labour hours.

(a) Calculate the factory-wide overhead absorption rate.

(b) Ms Bacus thinks there is a fairer method of charging overheads and has asked you to:

(i) prepare an Overhead Analysis Statement to calculate the total overheads allocated and apportioned to all 5 departments

(ii) re-apportion the Canteen overheads to the other 4 departments on the basis of number of employees

(iii) re-apportion the Maintenance overheads to the other 3 departments on the basis of machinery cost

(c) Calculate the overhead absorption rate applied to the:

- Cutting Department — based on percentage of direct materials
- Machining Department — based on direct machine hours
- Packaging Department — based on direct labour hours

At the end of Year 10, the actual figures for each department were:

	Cutting	Machining	Packaging
Overheads	£102,000	£77,500	£38,100
Direct materials	£41,200	£4,900	£11,000
Direct machine hours	5,790	2,890	990
Direct labour hours	8,740	6,440	6,840

(d) Calculate the amount of overheads over-absorbed or under-absorbed in each department, clearly stating whether the overheads are over or under-absorbed.

Task 2

The following budgeted data relates to A and B Clothing for the period January to June Year 10:

	January	February	March	April	May	June
Sales (units)	3,000	6,000	4,000	4,500	4,200	5,000

- The Closing Inventory for each month is maintained at 20% of the sales for the following month.
- The sales for July are estimated at 5,500 units.

(a) Prepare the Production Budget for the months January to June.

The following information is also available:

1. Cash and Cash Equivalents at 1 March is expected to be £15,000.
2. The retail Selling Price of each blazer is £40.
   - Credit sales are expected to be 80% of total sales.
   - 25% of credit sales are expected to be paid in 2 months, the remainder within one month.
   - Of those expected to pay in 2 months, 5% are likely to be written off as a bad debt.
3. Materials — £5 per unit payable in the month before production.
4. Labour — £6 per unit payable in the month of production.
5. Variable Overheads payable in the month of production:
   - Up to 4,200 units — £4 per unit.
   - Over 4,200 units — £3 per unit for all units.
6. Fixed Costs are £2,000 per month, excluding depreciation of £600.
7. Selling Expenses of £1 per unit are payable 1 month after sale.

(b) Using the template **Task 2**, prepare the Cash Budget for the months March to May.

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

Copy of e-file: Task 2

	A	B	C	D	E	F	G
1	**Production and Sales Units**						
2		January	February	March	April	May	June
3	Production Units	d	d	d	d	d	d
4	Sales Units	d	d	d	d	d	d
5							
6	Selling price per unit	d					
7	Material cost per unit	d					
8	Labour cost per unit	d					
9	Selling expenses per unit	d					
10							
11							
12							
13	**Cash Budget for 3 months March to May**						
14		March	April	May			
15		£	£	£			
16	**Opening Balance**	d	f	f			
17							
18	**Add Receipts**						
19	Cash sales	f	f	f			
20	Credit sales - one month	f	f	f			
21	Credit sales - 2 months	f	f	f			
22	Total Receipts	f	f	f			
23							
24	**Less Payments**						
25	Materials	f	f	f			
26	Labour	f	f	f			
27	Variable overheads	f	f	f			
28	Fixed Costs	d	f	f			
29	Selling Expenses	f	f	f			
30	Total Payments	f	f	f			
31	**Closing Balance**	f	f	f			

Task 3

Ashker and Benton share their profits and losses in proportion to equity invested. Their Equity and Current Account balances on 1 January Year 9 were as follows:

Partner	Equity Account balance	Current Account balance
Ashker	£600,000	£11,500 (Dr)
Benton	£400,000	£30,000 (Cr)

The partnership agreement states that:

- interest on equity will be paid at 6% per annum
- interest on drawings will be charged at 4% per annum
- a salary of £4,000 per month is payable to Benton
- Ashker receives 5% interest per annum on a loan of £40,000 he has made to the partnership

At the end of Year 9, the business had a Profit for the Year of £800,000. The partners had withdrawn the following amounts as Drawings — Ashker £50,000 and Benton £40,000.

(a) Prepare the Income Statement (appropriation section only) of A and B Clothing for the Year ended 31 December Year 9.

(b) Prepare the updated Current Accounts for both partners.

At the start of Year 10, Ashker and Benton have agreed to admit Cameron as a new partner under the following conditions.

Revaluation of Assets is as follows:

	Original value	**New value**
Property	£600,000	£720,000
Machinery	£?	£55,000
Inventory	£13,750	£18,500
Delivery vans	£28,000	£26,000

- Revaluation expenses amounted to £15,000.
- Cameron will contribute equity of £300,000.
- Goodwill is valued at £50,000 and is to be written off against the Equity Accounts of the new partnership.
- Cameron will receive 25% share of profits, and Ashker and Benton will continue to share the remainder in the same proportion as before.

(c) Using appropriate information from task 1 and the information above, calculate for the new partnership, the:

(i) profit or loss on the revaluation of assets

(ii) new profit sharing ratio

(iii) new equity account balances for each partner

(d) Prepare a report for A and B Clothing describing the advantages of admitting Cameron as a new partner.

You can handwrite this report or use the template **Task 3** to complete it.

Administrative information

Published: March 2026 (version 1.0)

History of changes

Version	Description of change	Date

Security and confidentiality

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