

LEVEL 4 ASSESSMENT SPECIFICATION

Programme:	BA Business Management (BABM)		
Module:	Accounting Fundamentals		
Module code:	LCBB4001	Contribution to Overall Module Assessment (%):	50%
Lecturer/Module Leader:	Winifred Soribe	Internal Verifier:	Dr Anupam Mazumdar
Assignment Title:	Component 1: Coursework: Essay	Word count (or equivalent):	2500 words
Submission deadline:	Weekday: N/A Weekend: 27/04/24 @ 14:00:00	Return date of provisional marks & written feedback:	Weekday: N/A Weekend: 16/05/24
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 40%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Module Learning Outcomes (from module syllabus)

- Having successfully completed the module, you will be able to:
- Discuss who might be the main users of financial statements and their needs
 - Understand the basic principles underlying financial statements
 - Recognise the measurement problems arising in financial accounting
 - Appreciate the significance of the choices of accounting policies
 - Interpret simple financial statements
 - Use a set of financial statements to value an organisation for investment purposes

TASK DESCRIPTION

PLEASE ANSWER ALL QUESTIONS

QUESTION 1

You have been talking to someone who had read a few chapters of an accounting text some years ago. During your conversation the person made the following statements:

1. The statement of financial position shows how much cash has come into and left the business during the accounting period and the resulting balance at the end of the period.
2. Non-current assets are things that cannot be moved.
3. Managers should only supply financial information to the “current” shareholders of companies.
4. No need to include prepayments and accruals on the statement of financial position.
5. No need for regulation over financial accounts.
6. It is important to balance ledger (T) accounts and trial balance before preparing financial statements.

Required: Comment on each of the above statements, going into as much detail as you can (100-150 words each).

[30 marks]

QUESTION 2

The following balances relate to Wales plc for the year ended 31st December 2022:

	£
Sales (revenue)	900,000
Equipment at cost	650,000
Equipment accumulated depreciation	130,000
4% Debentures	100,000
Cost of sales	578,650
Administrative expenses	160,000
Interest paid	2,000
Directors' remuneration	5,000
Distribution costs	28,000

The following information is relevant:

1. The equipment useful life is 10 years, and it is depreciated using the straight-line method (10% annually). Depreciation on equipment is charged to cost of sales. Depreciation of 2022 has not been recorded yet.
2. Salaries of December 2022 (£10,000) had not been paid until the end of the month. The company paid it on 3rd January 2023. Salaries are charged to the administrative expenses.
3. Corporation tax for the year is estimated at £15,000.
4. Salesmen are owed commission of £2,000 in respect of December sales. It will be paid on 31st January 2023 and has not been recorded in the ledger accounts yet.
5. Goods valued at £1000 were sent to customers on 31st December 2022. Payment is due on 28 February 2023. This has not been recorded in the ledger accounts yet.

Required: Prepare an income statement for the year ended 31st December 2022 for Wales plc.

[20 marks]

QUESTION 3

Sweets plc is a long-established sweets and confectionery manufacturer. All products are manufactured in the UK, but sales are made worldwide. It is a growing but competitive market. Given below are extracts from their financial statements,

Profit and Loss statement for the year ended 31st December

	2022	2021
	£m	£m
Revenue	6,738	6,441
Cost of sales	<u>(3,235)</u>	<u>(3,096)</u>
Gross profit	3,503	3,345
Distribution costs	(437)	(422)
Marketing and selling costs	(1,324)	(1,274)
Administrative expenses	<u>(937)</u>	<u>(950)</u>
Operating profit	805	699
Profit/loss on sale of fixed assets	19	(5)
Investment income	22	26
Interest payable	<u>(226)</u>	<u>(181)</u>
Profit/(loss) before taxation	620	539
Taxation	<u>(189)</u>	<u>(173)</u>
Profit for the year	<u>431</u>	<u>366</u>

Statement of Financial Position as at 31st December

	2022	2021
	£m	£m
Non- Current assets		
Intangible assets	5,485	5,809
Property, plant and equipment	1,613	1,605
Investments	<u>335</u>	<u>318</u>
	<u>7,433</u>	<u>7,732</u>
Current assets		
Inventory	708	659
Trade receivables	1,249	1,287
Investments	145	232
Cash	<u>201</u>	<u>177</u>
	<u>2,303</u>	<u>2,355</u>
Total assets	<u>9,736</u>	<u>10,087</u>
Current liabilities		
Trade payables	(583)	(655)
Other creditors	<u>(1,928)</u>	<u>(2,391)</u>
	<u>(2,511)</u>	<u>(3,046)</u>
Non current liabilities		
Loans and other borrowings	<u>(4,137)</u>	<u>(4,129)</u>
Net assets	<u>3,088</u>	<u>2,912</u>
Equity		
Ordinary share capital (50p shares)	300	300
Share premium	1,071	1,071
Retained profits	<u>1,717</u>	<u>1,541</u>
	<u>3,088</u>	<u>2,912</u>

Additional information:

- During 2022 a total dividend of £255m was paid (2021: £242m)
- The average share price during 2022 was £5.12 (2021: £4.00).

Required:

- a. Calculate the following ratios for Sweets plc for 2022 and 2021, showing the formulas and workings:

- 1- ROCE
- 2- ROE
- 3- Earnings per share
- 4- Net profit margin
- 5- Asset turnover
- 6- Stock holding days
- 7- Debtors collection period
- 8- Current ratio
- 9- Gearing ratio
- 10- Interest cover

[30 marks]

- b. Using the information in the financial statements and the ratios you have calculated, critically discuss the financial performance and position of Sweets plc.

[20 marks]

GUIDANCE FOR STUDENTS IN THE COMPLETION OF TASKS

NOTE: The guidance offered below is linked to the five generic assessment criteria overleaf.

1. Engagement with Literature Skills – N/A

Your work must be informed and supported by scholarly material that is *relevant* to and *focused* on the task(s) set. You should provide evidence that you have accessed an appropriate *range* of sources, which may be academic, governmental and industrial; these sources may include academic journal articles, textbooks, current news articles, organisational documents, and websites. You should consider the *credibility* of your sources; academic journals are normally highly credible sources while websites require careful consideration/selection and should be used sparingly. Any sources you use should be current and up-to-date, mostly published within the last five years or so, though seminal/important works in the field may be older. You must provide *evidence* of your research/own reading throughout your work, using a suitable referencing system, including in-text citations in the main body of your work and a reference list at the end of your work.

Guidance specific to this assessment:

2. Knowledge and Understanding Skills – N/A

At level 4, you should be able to demonstrate knowledge of the underlying concepts and principles associated with your area(s) of study. *Knowledge* relates to the facts, information and skills you have acquired through your learning. You demonstrate your *understanding* by interpreting the meaning of the facts and information (knowledge). This means that you need to select and include in your work the concepts, techniques, models, theories, etc. appropriate to the task(s) set. You should be able to explain the theories, concepts, etc. to show your understanding. Your mark/grade will also depend upon the *extent* to which you demonstrate your knowledge and understanding.

Guidance specific to this assessment:

3. Cognitive and Intellectual Skills – N/A

You should be able to present, evaluate and interpret qualitative and quantitative data, in order to develop lines of argument and make sound judgements in accordance with basic theories and concepts of your subject(s) of study. You should be able to evaluate the appropriateness of different approaches to solving problems related to your area(s) of study and/or work. Your work must contain evidence of logical, analytical thinking. For example, to examine and break information down into parts, make inferences, compile, compare and contrast information. This means not just describing what! But also justifying: Why? How? When? Who? Where? At what cost? You should provide justification for your arguments and judgements using evidence that you have reflected upon the ideas of others within the subject area and that you are able to make sound judgements and arguments using data and concepts. Where relevant, alternative solutions and recommendations may be proposed.

Guidance specific to this assessment:

4. Practical Skills – N/A

At level 4, you should be able to apply the basic underlying concepts and principles to evaluate and interpret these within the context of your area of study. You should be able to demonstrate how the subject-related concepts and ideas relate to real world situations and/or a particular context. How do they work in practice? You will deploy models, methods, techniques, and/or theories, in that context, to assess current situations, perhaps to formulate plans or solutions to solve problems, or to create artefacts. This is likely to involve, for instance, the use of real world artefacts, examples and cases, the application of a model within an organisation and/or benchmarking one theory or organisation against others based on stated criteria.

Guidance specific to this assessment:

5. Transferable Skills for Life and Professional Practice – N/A

Your work must provide evidence of the qualities and transferable skills necessary for employment requiring the exercise of some personal responsibility. This includes demonstrating: that you can communicate the results of your study/work accurately and reliably, and with structured and coherent arguments; that you can initiate and complete tasks and procedures, whether individually and/or collaboratively; fluency of expression; clarity and effectiveness in presentation and organisation. Work should be coherent and well-structured in presentation and organisation.

Guidance specific to this assessment:

STUDENT FEEDBACK FORM

This section details the *extent* to which the assessment criteria are demonstrated by you, which in turn determines your mark. The marks available for each category of skill are shown. Lecturers will use the space provided to comment on the achievement of the task(s), including those areas in which you have performed well and areas that would benefit from development/improvement.

Generic Assessment Criteria	Marks available	Marks awarded
1. Engagement with Literature Skills	N/A	
2. Knowledge and Understanding Skills	N/A	
3. Cognitive and Intellectual Skills	N/A	
4. Practical Application Skills	N/A	
5. Transferable Skills for Life and Professional Practice	N/A	

Assessment Mark (Assessment marks are subject to ratification at the Exam Board. These comments and marks are to give feedback on module work and are for guidance only until they are confirmed.)	Late Submission Penalties (tick if appropriate)		%
	Up to 1 week late (40% Max)		
	Over 1 week late (0%)		

GENERIC ASSESSMENT CRITERIA

Level 4

In accordance with the Framework for Higher Education Qualifications, at the end of Level 4 students will be expected to have demonstrated knowledge of the basic underlying concepts and principles of a subject, and an ability to evaluate and interpret these within the context of that area of study. They should be able to present, evaluate and interpret qualitative and quantitative data in order to develop lines of argument and make sound judgements in accordance with basic theories and concepts of their subject(s) of study. They will have learned how to evaluate different approaches to solving problems, and will be able to communicate the results of their study/work accurately and reliably, and with structured and coherent arguments. They will be able to undertake further training and develop new skills within a structured and managed environment and will have the qualities and transferable skills necessary for employment requiring the exercise of some personal responsibility.

Level 4	FAIL	MARGINAL FAIL	SATISFACTORY (3 rd / Pass)	GOOD (2.2 / Pass)	VERY GOOD (2.1 / Merit)	EXCELLENT (1 st / Distinction)	EXCEPTIONAL (1 st / Distinction)
Category	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
Engagement with literature (including reading, referencing, academic conventions and academic honesty)	Little or no evidence of reading and/or reliance on inappropriate sources. Views and findings mostly unsupported and non-authoritative. Referencing conventions used incoherently or largely absent.	Poor engagement with essential reading. No evidence of wider reading. Reliance on inappropriate sources, and/or indiscriminate use of sources. Heavily reliant on information gained through class contact. Inconsistent and weak use of referencing.	Engagement with a limited range of mostly relevant and credible sources but with some reliance on information gained through class contact. Some omissions and minor errors. Referencing conventions evident though not always applied accurately or consistently.	Engagement with an appropriate range of literature, including sources retrieved independently. Some over-reliance on texts rather than other sources. Referencing may show minor inaccuracies or inconsistencies.	Engagement with a wide range of literature, including sources retrieved independently. Selection of relevant and credible sources. Generally sound referencing, with no/very few inaccuracies or inconsistencies.	Engagement with an extensive range of relevant and credible literature. Consistently accurate application of referencing.	Exceptional engagement with an extensive range of relevant and credible literature. High-level referencing skills consistently applied.
Knowledge and understanding (Knowledge of the basic underlying concepts and principles of a subject.)	Major gaps in knowledge and understanding of the basic underlying concepts and principles of the subject matter. Inclusion of irrelevant	Gaps in knowledge of the basic underlying concepts and principles, with flawed or superficial understanding. Some significant inaccuracies	Limited knowledge and understanding of the basic underlying concepts and principles within the subject area. Some elements may be missing.	Knowledge of the basic underlying concepts and principles is accurate with a good understanding of the field of study but lacks depth and/or breadth.	Competent knowledge of the basic underlying concepts and principles. Exhibits very good understanding.	Excellent knowledge and understanding of the basic underlying concepts and principles of the subject.	Exceptional, detailed knowledge and understanding of the basic underlying concepts and principles

Level 4	FAIL	MARGINAL FAIL	SATISFACTORY (3 rd / Pass)	GOOD (2.2 / Pass)	VERY GOOD (2.1 / Merit)	EXCELLENT (1 st / Distinction)	EXCEPTIONAL (1 st / Distinction)
Category	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	material. Substantial inaccuracies.	and/or irrelevant material.					
Cognitive and intellectual skills (Evaluate underlying concepts and principles of a subject and interpret qualitative and quantitative data in order to develop lines of argument and make sound judgements.)	Wholly or almost wholly descriptive work. Little or no evaluation of the underlying concepts and principles. Failure to develop arguments, leading to illogical or invalid judgements. Minimal or no use of evidence to back up views.	Largely descriptive work, with superficial evaluation of the underlying concepts and principles. Weak interpretation of data, flawed development of arguments and judgements. Information accepted uncritically, uses generalised statements made with scant evidence and unsubstantiated opinions. Ideas sometimes illogical and contradictory.	Limited attempt at evaluation of the underlying concepts and principles, tending towards description. Can interpret qualitative and quantitative data but with some errors. Some evidence to support emerging arguments and judgements but these may be underdeveloped or with a little inconsistency / mis-interpretation.	Good evaluation of the underlying concepts and principles. Can interpret qualitative and quantitative data, with minor errors. An emerging ability to use evidence to support the argument. Mostly valid arguments and logical judgements.	Sound evaluation of the underlying concepts and principles. Can interpret qualitative and quantitative data accurately. Ability to devise arguments using evidence to make mostly appropriate and valid judgements.	Excellent evaluation of the underlying concepts and principles. Can interpret qualitative and quantitative data accurately and with some insight. Excellent ability to devise arguments using evidence and make appropriate and valid judgements.	Exceptional evaluation of the underlying concepts and principles based evidence. Outstanding interpretation of qualitative and quantitative data. Exceptional ability to devise arguments using evidence and make wholly appropriate and valid judgements.
Practical skills (Different approaches to solving problems in particular contexts.)	Limited or no use of taught, basic methods, materials, tools and/or techniques. Little or no appreciation of the context of the application. Very weak evidence of different approaches to problem-solving	Rudimentary application of taught, basic methods, materials, tools and/or techniques but without consideration and competence. Flawed appreciation of the context of the application.	An adequate awareness and mostly appropriate application of basic methods, materials, tools and/or techniques. Basic appreciation of the context of the application. Can identify problems in particular contexts and propose basic	A good and appropriate application of basic methods, materials, tools and/or techniques. Clear appreciation of the context of the application. Good evidence of different approaches to problem-solving in particular	A very good application of a range of basic methods, materials, tools and/or techniques. Very good consideration of the context of the application. Very good evidence of different approaches to problem-solving	An advanced application of a range of taught, basic methods, materials, tools and/or techniques. The context of the application is well considered, and insightful. Excellent evidence of different approaches to problem-solving	Exceptional levels of application and deployment skills in particular practical contexts. Outstanding identification of problems in particular contexts and formulation of wholly appropriate, thoughtful solutions /

Level 4	FAIL	MARGINAL FAIL	SATISFACTORY (3 rd / Pass)	GOOD (2.2 / Pass)	VERY GOOD (2.1 / Merit)	EXCELLENT (1 st / Distinction)	EXCEPTIONAL (1 st / Distinction)
Category	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	in particular contexts.	Weak evidence of different approaches to problem-solving in particular contexts.	alternative approaches or solutions though there may be errors.	contexts and proposes mostly appropriate solutions.	in particular contexts and proposes appropriate solutions.	in particular contexts and proposes appropriate solutions.	different approaches.
Transferable skills for life and professional practice (Communicate the results of their study/work accurately and reliably, and with structured and coherent arguments; the qualities needed for employment requiring the exercise of some personal responsibility within a structured and managed environment.)	Work is poorly structured, disorganised, inaccurate and/or confusingly expressed. Very weak use of language and/or very inappropriate style. Failure to work effectively individual or as part of a group. Little or no evidence of the skills for employment requiring the exercise of some personal responsibility.	Work is poorly presented in a disjointed manner. It is loosely, and at times incoherently, structured, with information and ideas often poorly expressed. Weak use of language and/or inappropriate style. Flawed approach to individual or group work, meeting only partial obligations to others. Limited evidence of the skills for employment requiring the exercise of some personal responsibility.	Mostly ordered presentation and structure in which relevant ideas / concepts are reasonably expressed. Work may lack coherence and/or accuracy in places. Can work as part of a group, meeting most obligations to others but perhaps with limited involvement in group activities. Demonstrates the basic skills for employment requiring the exercise of some personal responsibility, with some areas of minor weakness.	Mostly coherent, organised and accurate work, in a suitable structure and is for the most part clearly expressed. Can work effectively independently and/or as part of a team, with clear contribution to group activities. Demonstrates the skills for employment requiring the exercise of some personal responsibility, with some areas of strength and some of minor weakness.	Work is accurate, coherent, fluent, well-structured and organised. Can work effectively independently and/or as part of a team, with very good contribution to group activities. Demonstrates very good skills for employment requiring the exercise of some personal responsibility, with just occasional minor weakness.	Work is coherent, very fluent and is presented professionally. Can work effectively independently and/or as part of a team, with an excellent contribution to group activities. Demonstrates excellent skills for employment requiring the exercise of some personal responsibility with an appetite for further development.	Work is accurate, exceptionally coherent, very fluent and presented well. Can work effectively independently and/or as part of a team, with an exceptional contribution to group activities. Demonstrates exceptional skills for employment requiring the exercise of some personal responsibility with an appetite for further development.

