SCOTTISH QUALIFICATIONS AUTHORITY

2006 Accounting

Advanced Higher – Special Instructions

Finalised Marking Instructions

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2006 Accounting

Marking Conventions

CONVENTION	EXPLANATION	MARK(S) ON CANDIDATE PAPER
Extraneous	Item entered which should not be in the answer	-1E
Consequential	If a figure in a question is wrong, any further calculations are awarded marks if correct, as a consequence of using that figure	C
Nomenclature	The details in an account are wrong/ missing	-1N
Dates	The date for an entry is wrong/missing	-1D
Complete Reversal	All the ledger entries are made the wrong way round The question is marked as if correct and then the total mark is divided by 2	R eg Total Mark = 12 Divided by 2 Mark awarded = 6
Plus/Minus Rule	If an entry is shown correctly it is awarded the mark (+) If the same entry then appears again in another part of the question the mark is deducted (-) ie no mark is gained and there is no penalty	eg Correct entry £60,000 Sales in the Trading Account Mark awarded 1 (+-) Wrong entry £60,000 Sales also entered in the Balance Sheet Mark deducted -1 (+-)
Penalty	The answers given are more than required (4 given instead of 3) and one of them is wrong A heading is wrong/missing from a final account The answer is correct but not given in the format requested ie question asks for an account or a statement	-1P

General

1 Assess pencil figures and working. If the script is predominantly in pencil refer to the Principal Examiner.

2 A maximum of 10% of marks gained on any individual question may be deducted for untidy work and poor style. This penalty should only be applied in exceptional circumstances.

3 Work which has been deleted gains no marks even if it is correct. Exceptional cases may be drawn to the attention of the Principal Examiner.

4 Consequential errors MUST NOT be penalised, subject to the marking instructions for each question.

5 Mark workings whether or not they are incorporated in the final answer. Deduct a penalty of -1 mark per question for working which is not incorporated in the final answer.

6 Incorrect figures, supported by adequate workings – award marks for any correct operations performed.

7 Incorrect figures, not supported by adequate workings – lose awards, unless the marking instructions specify otherwise. If arithmetic error – lose ½ mark.

8 EXTRANEOUS ITEMS: see instructions for specific questions.

Penalties should be shown beside the figure and encircled, eg -1P -1E -½ +/-

9 If right and wrong – give value of award where right, deduct value of award where wrong (cross reference +/- against relevant figures).

10 Indicate awards given for each item, eg £1500 ½

The essay type questions indicate marks awarded beside the point made by candidate – NOT IN THE MARGIN.

Sub-totals for sections should be indicated and encircled, eg 4/6

Final total should be clearly indicated and easy to check, eg Q1 = 24/25.

	Award marks lost	Penalties
QUESTION 1 – Waddell and Reid		
Ratios calculated throughout the question must be expressed as per the arrangements document Appendix 3. If not -1penalty max -3		
(a) Accept any 10 ratios correctly calculated for 1 mark each calculation		
Ratio wrong/not consequential	1 each time	
Wrong formula (or implied wrong formula)	1 each time	
No marks for stating the formula Use of Authorised Share Capital in (i), but treat subsequent use of Authorised Share Capital as consequential in (iii) and (v)	4 marks	
Accept any legitimate comment/comparison made of the candidate's ratios		
Additional marks may be awarded for analysis which is suitably developed		
(comments/comparison must be made on at least 5 ratios to gain the 10 marks – max 2 marks each ratio) Groupings of ratios under headings of performance, liquidity and efficiency and giving appropriate comments per group award 1 mark per group ie better/worse per group.	4 marks	
(b) Wrong formula (approach)		
Correct approach – award constituent marks where applicable	1 mark	
Arithmetical error		
Watch consequentiality from (a) (ROST)		
(c) Wrong formula − lose award marks		
(i) Earnings wrong	1 each	
No. of shares wrong	1 each	
(ii) (v) Answer wrong/not consequential Watch consequentiality between ratios (i) and (iii) (earnings) and (i) and (iv) (eps)	1 each	
(v) Ratios must be expressed to 1:	1 each	

	Award marks lost	Penalties
QUESTION 2 Lament plc		
(a) Each entry right or wrong		
If wrong lose award marks as appropriate	1 or 2	
Accept any reasonable nomenclature		
Wrong nomenclature		1 each (max 3)
Accept the use of a named account (Mitchell) for reissue		
Accept the profit on forfeited shares transferred directly to either Profit and Loss or Share Premium for 6 marks Individual double entries reduced award half mark. Indicate marks 1R at 2nd entry		
(b) Accept any legitimate points fully explained for 2 marks each		
1 mark may be given for points raised which have not been sufficiently developed		

	Award marks lost	Penalties
QUESTION 3 Lodges/Rashfield		
(a) Fixed Assets, Current Assets, Current Liabilities, Share Capital, Revenue Reserves are right or wrong		
If wrong lose award mark(s) as appropriate	1 or 2	
Goodwill, Minority Interests carry 1 mark each component Minority Interest of 110 = 2 marks Each component wrong	 1	
(b) Fixed Assets, Bank, Cash in Transit, Accruals, Share Capital are right or wrong		
If wrong lose award mark(s) as appropriate	1 or 2	
Goodwill, Stock, Debtors, Creditors, Revenue Reserves, Minority Interests carry 1 mark each component		
Each component wrong/not consequential	1 mark	
Watch the consequential errors which may arise (due to the effect of wrong goodwill or stock adjustments) in the Revenue Reserves and Minority Interests		
(a+b) Investments in subsidiaries included in balance sheet		-2 each time

	Award marks lost	Penalties
QUESTION 4 (a), (b), (c) Accept any legitimate point made for 2 marks. 1 mark may be given for points raised which have not been sufficiently developed Additional marks may be awarded if a point clearly made is then further developed **(b)** Up to 9 marks may be given to each FRS to a maximum of 14 marks for part (b) NB be careful not to award marks to comments made on all 3 FRSs **QUESTION 5 (a), (b)** Accept any legitimate point made for 2 marks. 1 mark may be given for points raised which have not been sufficiently developed Additional marks may be awarded if a point clearly made is then further developed		

	Award marks lost	Penalties
QUESTION 6 Grampian Processors plc		
(a) Award 1 to £270,000/£275,000	1	
Total output not 26,500	1	
BUT if units of Q included	2	
Cost per kg not candidate's process costs divided by candidate's output	2	
Profit per kg not selling price less candidate's cost per kg	2 each	
If total profit figure calculated for each product ignore product Q included in profit calculation	1 each product	
(b) **(i)** Sales values wrong/omitted	2 each	
If product Q included		-2
Fraction wrong/not consequential	2 each	
Arith slip	1 each	
(ii) Cost per kg not candidate's apportioned cost divided by output kg	1 each	
Arith slip	1 each	
Inclusion of Q in profit statement treated as consequential on (b)(i) no award mark lost or penalty		
(c) Original profit not SP less candidate's answer to (b)(ii)	2 each	
New SP wrong	1 each	
New cost per kg wrong	1 each	
Products selected for processing wrong/omitted	3	
(d) Sales/cost of sales/closing stock/profit award 1 mark for 3 products		
Totals wrong for each line if totals given	1 each time	
Accept for full award Cost of production calculated as sales unit cost per kg		
Award 2 marks implied stock levels.		

	Award marks lost	Penalties
QUESTION 7 Kasha Fashions		
(a) Variable cost p.u. wrong	1	
Contribution p.u. not SP less candidate's VC p.u.	1 each	
Total contribution wrong/not consequential	1 each	
Fixed costs not deducted	1	
(b) **(i)** Material used p.u. wrong	1 each	
Total used wrong not consequential	1 each	
Available for C wrong/not consequential	1	
Contribution p.u. from C wrong	1	
Units of C wrong/not consequential on avail material	2	
Total contribution from C wrong/not consequential	1	
Increase in profit omitted		-1 pen
(ii) Cost per metre wrong/not consequential on (a) and (b)(i) Not calculated	1 each	
Order wrong/not consequential or based on contribution per unit	2	
Allocation of metres to 3d choice wrong/not consequential	2	
Cont from product wrong/not consequential	1 each	
Additional profit wrong/not consequential/omitted	1	
(c) Additional sales not £12000	2	
Additional labour costs not 1920	1	
Extra overhead cost not 1680	1	
Possible material costs not 12000 − (labour variable costs)	1	
(d) Product mix fractions wrong not divided by 300 Weighted average contributions wrong/not consequential B/E pt not £15,000 divided by candidate's WA contribution	1 each 1 each 2	

	Award marks lost	Penalties
QUESTION 8 Samuels plc		
(a) Marginal Costing Sales figures wrong	1 each (max 2)	
Opening stock Mar/Apr wrong/not consequential	1 each	
Variable cost of production wrong	1 each (max 2)	
Closing stock Feb/Mar/Apr wrong	2 each	
Contribution wrong/not consequential	1 each	
Label omitted	1 = max 2	-1
Fixed costs wrong/not deducted	1 each (max 2)	
(b) Absorption Costing Sales figures wrong	1 each (max 2)	
Opening stock Mar/Apr wrong/not consequential	1 each	
Costs of production wrong	1 each (max 2)	
Closing stock Feb/Mar/Apr wrong	2 each	
Under/over absorption wrong/omitted	1 each	
Profit wrong/not consequential/omitted		-1 (max 2)
(c) Award marks as per solution but give 1 mark where appropriate		
(a+b) If only a 4 month total calculated for figures award numbers as per solution ÷ 2		

	Award marks lost	Penalties
QUESTION 9 Award marks as per suggested answers and for additional relevant points where appropriate And **QUESTION 10**		

[END OF MARKING INSTRUCTIONS]