2008 Accounting

Higher – Special Instructions

Finalised Marking Instructions

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2008 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. However if question is not redone, or alternative question attempted, mark deleted work.

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 1 mark.

8 EXTRANEOUS ITEMS: see instructions for specific questions.

Deduct in appropriate section of question – not at end from total.

Penalties should be shown beside the figure and encircled, eg -1P -2E -1 +/-

Penalties must be deducted in the appropriate section of the question and not at the end from the final total for that question.

If +/- penalty apply the minus in the section where the plus was given.

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 1

In 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 = 45/50.

Question 1 – 50 Marks

	Award Marks Lost	Penalties
Ignore omission of £ sign or 000's or 000's added to figures		
ACCEPT "000" added to adjustments only and APPLY penalty		-1P max
There are no heading/label awards, if heading wrong/omitted eg "as at" – APPLY penalty		-1P
ACCEPT double sided or vertical presentation		
If arithmetic slip/copying slip		-1P
Any item wrong, not consequential, wrong effect or missing – lose appropriate award	1 or 2	
<u>TRADING AND PROFIT AND LOSS A/C AND APPROPRIATION A/C = 25 MARKS</u>		
Treat as 3 separate sections – Trading A/c = 7 marks Profit/Loss = 13 marks Appropriation = 5 marks		
The minimum mark for each section is ZERO		
Do not carry any negative marks from one section to another		
Items in wrong account eg debentures int. in appropriation A/c Or dividends in P/L = Lose appropriate award BUT NO PENALTY		
NB Items in wrong account still receive any correct calculation award eg decrease in Prov. or Bad Debt.		
Items in two sections/accounts – apply +/- rule but NO PENALTY = give award where correct/deduct same award where incorrect		
EXTRANEOUS ITEMS – Any Balance Sheet items BUT treat Ordinary and Preference shares as <u>one</u> item		-2E each Item (max -6) to be deducted from 25)
BUT – Trial Balance figures for Provisions for Bad Debt and Depreciation are NOT extraneous – lose award for change in Bad Debt provision or annual depreciation charge as appropriate		
Interim Ord. Divided paid in P/L and B/S = +/- NOT EXTRANEOUS	1	
TRADING A/C = 7 Marks		
All items in Trading A/c are awarded 1 mark each – if figure wrong/omitted/wrong effect – lose award	1 each	
If Factory Cost of Finished Goods £300 is used – accept for 1 mark	1	
NB Gross Profit will be consequential on candidate's figures If Gross Profit label wrong/omitted – apply penalty		-1P

Question 1 (continued)

	Award Marks Lost	Penalties
PROFIT AND LOSS A/C = 13 Marks		
Mark as per solution – figure wrong/omitted/wrong effect – lose award	1 or 2	
If Loss on Manufacture shown as an expense – accept		
If decrease in Prov. for Bad Debt is shown as expense – award 1 for correct calculation of decrease of 1	1	
If decrease in Prov. for Bad Debt is added to actual Bad Debt to give a total figure of 3 – ACCEPT for 2 marks.	1	
If Bad Debt is shown as a total of £6 (£2 + £4) ACCEPT FOR 1 mark	1	
ADJUSTMENTS – Give full award to a TOTAL expense figure which includes the adjustment: eg Selling = £25 = 2 marks		
BUT: If adjustment shown as separate item – it must be directly attached attached (ie on next line) to gain adjustment award	1	
OR: If adjustment is wrongly treated – ie added instead of subtracted (or vice versa) eg Selling = £15	1	
and Office = £18 = 1 mark each	1	
Net Profit figure will be consequential on candidate's figures If Net Profit label wrong or omitted – apply penalty		1P
APPROPRIATION A/C = 5 Marks		
Mark as per solution – figure wrong/omitted/wrong effect – lose award		
Corporation Tax is consequential on candidate's net profit – ACCEPT Tax figure rounded up/down		
If Tax based on net profit + last year's unappropriated £20 – give unappropriated award but lose tax award	1	
NB Net Profit after Tax has no award		
Final Balance is consequential but must have reasonable label – "Balance" or "Surplus" is NOT acceptable		
ACCEPT – "Retained Profit" or "Unappropriated Profit" or "Balance Carried Forward or C/F" – otherwise apply penalty		1P

Question 1 (continued)

	Award Marks Lost	Penalties
BALANCE SHEET = 25 Marks		
There are no awards for headings/sub-totals/working capital/balance sheet totals – BUT IF MAIN HEADING WRONG/OMITTED eg "for year ended" – apply penalty		-1P
ACCEPT any recognised Balance Sheet layout – horizontal or vertical		
MARK as per solution – all items are worth 1 mark If item wrong/omitted/wrong effect/not consequential – lose award	1	
If item under wrong heading (eg stock in fixed assets section) – lose award BUT NO PENALTIES	1	
If item in two sections – apply the +/- rule	1	
EXTRANEOUS ITEMS (ie any final A/c items) – APPLY PENALTY		-2E each item (Max -6E to be deducted from 25)
EXCEPT: Actual Bad Debt – if in P/L and B/S = +/- if in B/S only = NOT EXTRANEOUS	1	
FIXED ASSETS = 4 Marks		
If Surplus on Revaluation of Premises wrong or deducted – lose NBV award	1	
If Costs and Surplus omitted – accept NBV of £160 for 1 mark		
If Cost/Agg Dep. Machinery/Vehicles wrong/not consequential – lose NBV award	1 each	
If Cost/Agg Dep. Omitted and NBV is correct – ACCEPT = 1 mark If Cost/Agg Dep. Omitted and NBV is wrong – lose award	1 each	
ACCEPT as consequential any dep. figure for vehicles which is an aggregate of: the candidate's dep. figure in the P/L and the Trial Balance provision for depreciation		
If no depreciation charged in P/L DO NOT give trial balance figures of vehicles £50 - £20 = £30 any award	1	
NBV will be consequential on candidate's figures for both costs value and egg. dep – if either wrong, treat as arithmetic slip		1P

Question 1 (continued)

	Award Marks Lost	Penalties
CURRENT ASSETS = 7 Marks		
ALL items are 1 mark each, if wrong/omitted/not consequential/wrong effect – lose award	1 each	
NB ACCEPT consequentially correct provision for bad debt from the figure used by the candidate in the P/L		
ACCEPT Net Debtors = 57 = 2 marks if Prov. Bad Debt not shown		
If Debtors less actual bad debts lose new provision award but DO NOT treat as extraneous	1	
BUT if actual bad debt is shown detached from Debtors = +/-	1	
ACCEPT any adjusted Debtors figure if £60 implied	1	
CURRENT LIABILITIES = 8 Marks		
ALL items are 1 mark each, if wrong/omitted/not consequential/wrong effect – lose award	1 each	
Corp. Tax/Pref Div/Ord Div are consequential on figures in P/L		
If figures combined correctly – ACCEPT for full award eg Tax = £63 (Vat £43 + Corporation £20) or Dividends due = 24		
REPRESENTED BY = 6 Marks		
Mark as per solution, if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
Share Capital – either the value of each share or the no. of shares must be given	1 once	
Profit and Loss balance is consequential, if not – lose award	1	
If Debentures wrong/omitted/or not shown detached eg included under RESERVES or listed among unheaded reserves or included with current liabilities	1	
NB ACCEPT if last in a list which has no heading or has the heading: 'Financed by'		
ACCEPT Debentures deducted from Net Assets		
If mixed order in "Represented by" eg A Reserve-Capital-Reserve		-1P once

Question 2 – 40 Marks

	Award Marks Lost	Penalties
NB WATCH CONSEQUENTIALITY IN CANDIDATE'S FIGURES THROUGHOUT		
(a) (i) If not £36,000	1	
(ii) If not £120,000 - £36,000 (or candidate's figure in (i))	1	
(iii) If not £30,000 × 20%	1	
(iv) If not £36,000 - £6,000 (or candidate's (i) – (iii))	1	
(b) Wrong formula used – lose award as appropriate	1 or 2	
(i) If mark-up not 42.46%a or consequential	1	
(ii) If Net Profit not 5% or consequential	1	
(iii) If Expenses not 25% or consequential	1	
(iv) If Stock Turnover not 7 times or consequential	2	
But ACCEPT average stock as £14,000 = 6 times	1	
(v) If period not 38.02 days or consequential	2	
If any label missing from answer, eg % sign, times, days		-1P (Max -2P)
(c) Surplus on Revaluation = 4 marks. Any figure wrong, missing, or wrong effect – lose award	1 each	
Partners' Capital Accounts: Mark as per solution = 4 Marks Any figure wrong, missing, or wrong effect – lose award	1 each	
(d) (i) Profit Statement: Mark as per solution = 5 Marks Any figure wrong, missing, not consequential, or wrong effect – lose award	1 or 2	
(ii) Appropriation Account: Mark as per solution = 10 Marks Any figure wrong, missing, not consequential, or wrong effect – lose award	1 each	
(iii) Current Account Zeta: Mark as per solution = 2 Marks Any figure wrong, missing, not consequential, or wrong effect – lose award	1 each	
(e) Financial Benefit to Brigid: Mark as per solution = 4 Marks Any figure wrong, missing, not consequential, or wrong effect – lose award	1 each	
NB Any conclusion will be consequential on candidate's figures		

Question 3 – 40 Marks

	Award Marks Lost	Penalties
PART A		
BAR PROFIT STATEMENT = 8 MARKS		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
Net Profit label wrong/omitted – apply penalty		-1P
EXTRANEOUS		-2 E (Max -4E)
SECTION STATEMENTS = 13 MARKS		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
EXTRANEOUS		-2 E (Max -6E)
Subscriptions: if adjustments for Arrears/Advances wrongly treated/omitted or shown detached – lose award	1 each	
CHECK ANY "WRONG" TOTAL SUBSCRIPTION FIGURE GIVEN FOR ANY CORRECT ADJUSTMENT – SEE SUPPLEMENTARY SOLUTION		
If no working shown – give any wrong subscription figure for Football **and** Rugby 1 mark	4	
Surplus labels wrong/omitted – apply penalty		-1P once
INCOME AND EXPENDITURE A/C = 13 MARKS		
If heading wrong ("as at") or omitted – APPLY PENALTY		-1P
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award (s)	1 or 2 each	
EXTRANEOUS		-2 E (Max -6E)
BUT if any item used in (a) or (b) repeated as Income or Expenditure – apply +/- rule	1 each	
If Gaming Machine Rental and Social Function Expenses shown as expenditure lose <u>income</u> award	1 each	
ACCEPT any figure for Electricity that is the difference between candidate's figure in (a) and £1,200		
If Surplus label omitted – APPLY PENALTY		-1P

Question 3 (continued)

	Award Marks Lost	Penalties
PART B **PROFIT/LOSS ON SALE OF ASSETS = 6 MARKS** Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose appropriate award (s) If Profit or Loss labels omitted – APPLY PENALTY	1 or 2 each	-1P once

Question 4 – 10 Marks

	Award Marks Lost	Penalties
Mark as per solution Award marks for valid points not in solution If all topics in (a) have been attempted – mark all 3 and select the 2 with the highest marks for the final total		

Question 5 – 10 Marks

	Award Marks Lost	Penalties
Mark as per solution Award marks for valid points not in solution		

Question 6 – 50 Marks

	Award Marks Lost	Penalties
NB WATCH FOR CONSEQUENTIALITY THROUGHOUT THIS QUESTION		
(a) CALCULATIONS (i) TO (ix) = 17 MARKS		
Mark as per solution – if figure wrong/omitted/not consequential/wrong effect – lose award	1 or 2 each	
(b) PRODUCTION BUDGET = 9 MARKS		
Mark as per solution – if any figure wrong/omitted/not consequential/wrong effect – lose award as follows:		
Opening Stock – line award	1	
Total Cash and Credit Sales – line award	1	
Closing Stock – line award	1	
If opening and closing stock figures both wrongly adjusted to give 'wrong' production figures	6	
If only one stock figure wrongly adjusted	3	
Candidate's calculations for materials, labour, bonus, Variable overheads are consequential on production figures in production budget		
(c) CASH BUDGET = 24 MARKS		
Mark as per solution – if any figure wrong/omitted/not consequential/wrong effect – lose award:	1 each	
If no Heading indication no. of months or actual months –		-1P
Figures for cash and credit sales are consequential on candidate's selling price from (a) (iii)		
Figures for Materials, Labour, Bonus, and Variable Overheads are consequential on candidate's budget production figures		
Candidates may combine figures eg add cash and credit Sales to give monthly totals of £136,272 and £177, 168 Likewise a total monthly figure for variable overheads of £7,686 and £12,078 = full award		
If credit selling price not shown as £9.31 but implied in credit sales receipts – give implied award of 2 marks		
If credit selling price given or implied as £9.30 –award 1	1	
If Bad Debt showing in Budget – lose awards for credit sales	2	
If no attempt to show Receipts and Payments Account – give marks to "Receipts" only	16	
If Fixed Costs not £20, 000 – lose awards	2	
Closing cash balances are consequential on candidate's figures		

Question 7 – 40 Marks

	Award Marks Lost	Penalties
PART A		
(a) MIXING PROCESS ACCOUNT = 14 MARKS		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 or 2 each	
Complete reversal – mark and apply penalty		-2P once
NB Quantity of cement = 20,000 = 1 mark		
Unit cost is consequential on candidate's figures – if wrong formula – lose award	4	
If Abnormal loss and Good output not same price – lose award	4	
(b) SELLING PRICE OF READY MIX = 4 MARKS		
Mark as per solution – if figure wrong/omitted/not consequential/wrong effect – lose award	1 or 2 each	
PART B		
(a) FACTORY WIDE RECOVERY RATE = 2 MARKS		
Mark as per solution – if wrong figures/wrong formula – lose award	2	
FIXED OVERHEADS CHARGED TO JOB 987 = 2 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential – lose award	2	
(b) DEPARTMENT RECOVERY RATES = 6 MARKS		
Mark as per solution – if wrong figures/wrong formula – lose award	2 each	
(c) FIXED OVERHEADS CHARGED TO JOB 987 = 6 MARKS		
Mark as per solution – if figures wrong/not consequential – lose award	2 each	
If total overheads wrong/omitted – apply penalty		-1P
(d) NAME/FORMULAE OF OTHER RECOVERY RATES = 4 MARKS		
Name wrong/omitted – lose award	1 each	
Formula wrong/omitted – lose award	1 each	
(e) JUSTIFICATION OF LABOUR HOURS = 2 MARKS		
Mark as per solution – must have reference to time		

Question 8 = 40 Marks

	Award Marks Lost	Penalties
NB WATCH FOR CONSEQUENTIALITY THROUGHOUT THIS QUESTION		
(a) TOTAL MACHINE HOURS – YEAR 1 = 3 MARKS		
Mark as per solution – if figures wrong/omitted/wrong effect – lose award	1 each	
If total hours wrong/omitted/not consequential – apply penalty		-1P
FIXED OVERHEAD RECOVERY RATE = 2 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong formula – lose award	2	
(b) UNIT CONTRIBUTION = 6 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
UNIT PROFIT OR LOSS = 4 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
(c) TOTAL PROFIT – YEAR 1 = 3 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
If total profit wrong/omitted/not consequential – apply penalty		-1P
(d) EFFECT OF HALTING X = 2 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
If new net profit wrong/omitted/not consequential – apply penalty		-1P
(e) EXTRA HOURS OF PRODUCTION = 2 MARKS		
If not 20, 000 hours or candidate's figure from (a) (i) × 25%	2	
INCREASE IN PROFIT IN YEAR 2 = 9 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
NB candidate's figures are consequential on unit contribution from (b) (i) and extra hours from (e) (i)		
If increase in profit wrong/omitted/not consequential – Lose award for subtraction of contribution and fixed costs	1	

Question 8 (continued)

	Award Marks Lost	Penalties
(f) MAKE OR BUY COMPONENT = 4 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 or 2	
NB candidates' advice is consequential on their actual cost of component		
(g) ACCEPT OR REJECT SPECIAL ORDER = 5 MARKS		
Mark as per solution – if figures wrong/omitted/not consequential/wrong effect – lose award	1 each	
If overall profit of £9, 000 wrong/omitted/not consequential – lose award for line	1	
NB candidates' advice is consequential on their overall gain/loss		

Question 9 = 10 Marks

	Award Marks Lost	Penalties
Mark as per solution Award marks for valid points not in solution If all topics in (a) have been attempted – mark all 3 and select the 2 with the highest marks for the final total		

Question 10 = 10 Marks

	Award Marks Lost	Penalties
Mark as per solution Award marks for valid points not in solution Maximum 5 marks for costs and 5 for benefits		

[END OF SPECIAL INSTRUCTIONS]