

**2006 Accounting**

**Higher – Special**

**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 1 mark.
- 8 **EXTRANEIOUS 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**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p>Ignore omission of £ sign or 000's or 000's added to all figures.</p> <p>ACCEPT 000 added to adjustments only and APPLY penalty.</p> <p>Accept double-sided or vertical presentation.</p> <p>If arithmetic slip/copying slip.</p> <p>Any item wrong, not consequential, wrong effect or missing – lose appropriate award.</p> <p><b>NOTE:</b> There are no account heading awards or labels awards.</p> <p style="padding-left: 40px;">If a Man/Tr/P&amp;L A/c headings wrong/omitted</p> <p style="padding-left: 40px;">If labels indicated (1-7) wrong/omitted/misplaced</p> <p style="padding-left: 40px;">DO NOT GIVE THE FIGURES WITH LABELS 1-7 ANY AWARD</p>		<p>-1 (once)</p> <p>-1P</p> <p>-1P (once)</p> <p>-1P each (max -3P)</p>
<p><b><u>MANUFACTURING ACCOUNT = 15 Marks</u></b></p> <p>ACCEPT ANY STYLE OF PRESENTATION</p> <p><b>EXTRANEOUS</b> – ANY BALANCE SHEET ITEM BUT Trading and P/L items – lose award</p> <p><b><u>PRIME COST = 5 Marks</u></b></p> <p>Mark as per solution – if wrong/omitted/not consequential/wrong effect – lose award</p> <p>If <u>Prime Cost</u> includes any indirect item – lose item award BUT NO PENALTY</p> <p><b>BUT</b> give correct adjustment award for Rent and Insurance</p>	<p>1 each</p> <p>1 each</p> <p>1</p> <p>1 each</p>	<p>-2 (max – 6)</p>

**Question 1 (continued)**

<b><u>FACTORY COST OF PRODUCTION= 8 Marks</u></b>	<b>Award Marks Lost</b>	<b>Penalties</b>
Mark as per solution – if wrong/omitted/not consequential/wrong effect – lose award	1 each	
Adjustments for Rent and Insurance wrongly treated or omitted or detached (not on next line) – LOSE award but ACCEPT 3/4 the wrong Rent figure (27 or 24) and 4/5 of the wrong Insurance figure (44 or 40) for 1 mark each	1 each	
If adjustment not shown GIVE full award to the correct TOTAL expense figure Rent 30 = 2 Insurance 36 = 2		
Any direct item in Factory O/heads – lose award BUT NO PENALTY	1 each	
WIP must be at end of Factory O/heads – otherwise lose award	1	
If factory O/heads SUBTRACTED ie less is stated If factory O/heads SUBTRACTED but Add is stated		-2P -1P
If Wholesale Value and Manufacture Loss wrong/omitted/not consequential – lose award	2	
<b>NOTE:</b> If both Manufacturing/Trading/Profit and Loss A/s are combined starting with Sales which is thereafter adjusted with any figure other than the correct COGS – LOSE Sales award AND APPLY PENALTY	1	-3P
If 2 separate A/s and Sales used in Man A/c – treat as above – otherwise ignore		
<b>TRADING AND PROFIT AND LOSS A/C AND APPROPRIATION A/C = 20 MARKS</b>		
Items in wrong account eg warehouse wages in profit/loss – lose appropriate award – BUT NO PENALTY	1	
Items in two sections/accounts – apply +/- rule BUT NO PENALTY = give award where correct/deduct same award where incorrect.	1	
EXTRANEIOUS ITEMS – Any Balance Sheet items		-2E each (max -6)
<b>BUT</b> – Trail Balance figures for Provisions for Bad Debt and total Depreciation are NOT extraneous – lose award for decrease in Bad Debt provision or annual depreciation charge as appropriate	1 each	
Bad Debt in P/L and B/S = +/- OR in B/S only lose award – NOT EXTRANEIOUS	1	

**Question 1 (continued)**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p><b>Trading A/C = 6 Marks</b></p> <p>All items in Trading A/c are awarded 1 mark each EXCEPT FOR MARKET VALUE – if figure wrong/omitted/wrong effect – lose award</p> <p>If FACTORY COST is used instead of MARKET VALUE – No award</p> <p>NB Gross Profit figure will be consequential on candidate’s figures – if wrong/omitted/not consequential</p>	<p>1 each or 2</p> <p>2</p>	<p>-1P</p>
<p><b>PROFIT AND LOSS A/C = 11 Marks</b></p> <p>All items are awarded 1 mark each EXCEPT FOR DECREASE IN PROVISION FOR BAD DEBT – if figure wrong/omitted/wrong effect – lose award</p> <p>If loss in Manufacturing wrong omitted or not consequential</p> <p>If Decrease in Prov. for Bad Debt 2 is shown as expense – award 1 for correct calculation of decrease</p> <p>If Decrease in Prov. for Bad Debt is added to actual Bad Debt to give a net figure of 2 – ACCEPT for 3 marks.</p> <p>If Bad Debt is shown as a total of 6 – ACCEPT FOR 2 marks.</p> <p>If Provision for Bad Debt is given as 3 or 5 – lose award</p> <p>Rent – accept 1/4 of the figure used in Manufacturing A/c ie 9 or 8 = 1 mark Accept 40 = 1 if no rent figure in Manufacturing A/c</p> <p>Insurance – accept 1/5 of the figure use in Manufacturing ie 11 or 10 = 1 mark Accept 45 = 1 if no Insurance figure in Manufacturing A/c</p> <p>NB Net Profit figure will be consequential on candidate’s figures – if wrong/omitted/not consequential – lose award</p>	<p>1 each</p> <p>2</p> <p>1</p> <p>1</p> <p>2</p> <p>1</p> <p>1</p>	<p>-1P</p>
<p><b>APPROPRIATION A/C = 3 Marks</b></p> <p>Mark item as per solution – item wrong/omitted/wrong effect/not consequential – lose award</p> <p>Corporation Tax is consequential on candidate’s Net Profit</p> <p>Unappropriated Profit C/F will be consequential on candidate’s figures – if wrong/omitted/not consequential</p>	<p>1 each</p>	<p>-1P</p>

**Question 1 (continued)**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<b>BALANCE SHEET = 15 Marks</b>		
ACCEPT any recognised Balance Sheet layout – horizontal or vertical		
There is no heading award if missing/wrong, eg ‘for year ended’ – apply a penalty		-1P
If item under wrong heading (eg stock in fixed assets section) – lose award <b>BUT NO PENALTIES</b>	1	
If item in two sections – apply the +/- rule	1	
<b>EXTRANEIOUS ITEMS</b> (ie any final A/c items – except actual bad debt) – <b>APPLY PENALTY</b>		-2E each (max -6E)
There are no awards for sub-totals/working capital/balance sheet totals		
<b>FIXED ASSETS = 2 Marks</b>		
If NBV Machinery/Vehicles wrong/omitted/not consequential – lose award	1 each	
ACCEPT as consequential any dep. figure for Fittings or Vehicles which is an aggregate of: the candidate’s dep. figure in the profit statement and the Trial Balance provision for depreciation given		
If no depreciation charged in P/L – DO NOT give NBV award	1 each	
<b>CURRENT ASSETS = 5 Marks</b>		
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 profit statement		
ACCEPT Net Debtors = 57 = 2 marks, if Prov. for Bad Debt not shown.		
ACCEPT any <u>adjusted</u> Debtors figure if 60 implied.	1	
If Debtors less actual bad debts LOSE new provision award but DO NOT treat as extraneous.	1	
If actual Bad Debt given with new provision – APPLY +/- rule.	1	
Debenture interest in Current Liabilities – ignore or +/- if in P/L.		

**Question 1 (continued)**

<b>CURRENT LIABILITIES = 5 Marks</b>	<b>Award Marks Lost</b>	<b>Penalties</b>
ALL items are 1 mark each, if wrong/omitted/not consequential/wrong effect – lose award	1 each	
If figures combined correctly – ACCEPT for full award eg Creditors = 74 (=70 + 4 unpaid expenses) = 2		
<b>REPRESENTED BY = 3 Marks</b>		
Mark as per solution, if item wrong/omitted/not consequential wrong effect – lose award	1 each	
No. (200,000) <b>or</b> Value (£1) of Ordinary Shares (must be first) and must be stated to gain award – if omitted – lose award	1	
Debentures must be last or detached from ‘Represented by’ figure – if included – lose award	1	
ACCEPT Debentures deducted from NET ASSETS		



**Question 2 – 40 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p><b>CURRENT ACCOUNT OF BACALL = 10 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award (No heading penalty)</p> <p>ACCEPT Current A/c given as lit of additions/subtractions BUT Divide total award given by 2</p> <p>ACCEPT <b>complete</b> reversal – give awards and divide by 2.</p> <p>EXTRANEOUS ITEMS – Capital</p>	1 each	-2E once
<p><b>BOGART’S CALCULATIONS = 3 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award</p> <p>Bogart’s Capital and Drawings are both consequential on the amount given as Bacall’s Capital</p> <p>Bogart’s Share of Profit is consequential on Bacall’s Share of Profit</p>	1 each	
<p><b>NET PROFIT CALCULATION = 8 Marks</b></p> <p>WATCH FOR CONSEQUENTIALITY IN THIS SECTION</p> <p>Mark as per solution – if item wrong/omitted/not consequential <b>or</b> wrong effect – lose award</p> <p>EXTRANEOUS ITEMS – Capital or Drawings BUT Treat both Capital/Drawings figures as one item each.</p> <p><b>BACALL’S CALCULATIONS = 5 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award</p> <p>EXTRANEOUS (eg Interest on Capital)</p>	1 each	-2E (Max -4E)  -2E once
<p><b>PROFIT STATEMENT – YEAR 2 = 9 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award(s)</p> <p><b>YEAR 2 RATIOS = 5 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award</p> <p>If % sign or ‘times’ Missing</p>		-1P once

**Question 3 – 40 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p><b>REFRESHMENTS TRADING AND PROFIT/LOSS ACCOUNT = 7 Marks</b></p> <p>Ignore any wrong heading</p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award</p> <p>Adjustments for creditors must be in Trading with a Purchases figure and before GP if not</p> <p>EXTRANEIOUS - Balance Sheet items. I &amp; E items ignore even if they reappear in Income and Expenditure (ie lose award)</p> <p>ACCEPT DEP 580 in P/L for 3 marks, but award marks to I &amp; E.</p>	<p>1 each</p> <p>2</p> <p>1 or 2 each</p>	<p>-2 (Max -4)</p>
<p><b>INCOME AND EXPENDITURE A/C = 17 Marks</b></p> <p>If heading wrong or omitted – APPLY PENALTY</p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award(s)</p> <p>EXTRANEIOUS eg FITTINGS 1800</p> <p>If adjustments for Stock of Stationery wrongly treated/omitted or detached – lose award</p> <p>If Machine Rent, Raffle Expenses, Dance Expenses shown as payments and not deducted from income – give 1 to expense only</p> <p>If Depreciation given as 760 = 2 marks    400 =1    360 = 1    180 = 2</p> <p>If Surplus label omitted – apply penalty</p> <p>If Refreshment items repeated in Income and Expenditure but no profit shown – ignore. If profit is shown lose Profit award and apply penalty.</p>	<p>1/2/3</p> <p>1</p> <p>1 each</p> <p>1 or 2</p> <p>2</p>	<p>-1P</p> <p>2E (Max -6E)</p> <p>-1P</p> <p>-2P</p>
<p><b>BALANCE SHEET = 12 Marks</b></p> <p>ACCEPT any style of layout</p> <p>If heading wrong or omitted – apply penalty</p> <p>Mark as per solution – if item wrong/omitted/not consequential/ wrong effect – lose appropriate award (s)</p> <p>EXTRANEIOUS But if extra subs figures used – DO NOT TREAT (E) - lose appropriate sub award.</p>	<p>1/2/3</p> <p>1 each</p>	<p>-1P</p> <p>-2E (Max -6E)</p>
<p><b>CORRECTIONS TO PROFIT (4 MARKS)</b></p>		
<p>Answers must be as per solution both in terms of amount and effect. Otherwise award mark is lost.</p>	<p>1 each</p>	
<p><b>NB If deficit calculated in a ii reverse the effects.</b></p>		

**Question 4 – 10 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
Mark as per solution  Award marks for valid points not in solution  If more than TWO topics have been attempted in (b) – mark all topics and select only the marks of the best two for the final total		

**Question 5 – 10 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
Mark as per solution  Award marks for valid points not in solution		

**Question 6 – 50 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<b>CALCULATION OF NO. WORKERS = 4 Marks</b>		
Mark as per solution – wrong answer – lose award	1 each	
<b>OVERHEAD ANALYSIS SHEET = 16 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1	
Wrong basis used – lose <b>full</b> award for line	1 or 3 each	
There is no award for Dept. Totals or final Production Dept. totals – if <b>final</b> totals missing – APPLY PENALTY		-1P once
<b>CALCULATION OF OVERHEAD RECOVERY RATES = 6 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect/wrong basis – lose award	2 each	
ACCEPT final rates rounded up or down to nearest <b>pence</b>		
If final rates given with no £ or % sign - apply penalty		-1P once
<b>STOCK LEDGER CARD (LIFO) = 7 Marks</b> if AVCO/FIFO = Mark receipts only		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
Cost price of £5.85 and £5.70 wrong – lose award	1 each	
Issue price is consequential on candidate's cost price		
If Unit Price of receipts or issues is not shown – ACCEPT total value for 1 mark <b>if correct/consequential</b> – BUT APPLY PENALTY		-1P once
There is no award for any balance/value, if any Value Balance is missing		-1P once
<b>PROCESS 2 ACCOUNT = 14 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award.	1 each 2/4	
Complete Reversal Mark/Apply Penalty		-2P once
Unit Cost is consequential on candidate's figures – wrong formula	2	
If AB Loss and Transfer to Stores not same price	4	
<b>ABNORMAL LOSS ACCOUNT = 3 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
If Transfer to P/L wrong, not consequential, – lose award	1	

**Question 7 – 40 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<b>CALCULATION OF NO. OF CUSTOMERS = 5 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
<b>CALCULATION OF TOTAL HOURS PAYABLE = 3 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
<b>CALCULATION OF LABOUR COST = 7 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each/3	
<b>CALCULATION OF DEPRECIATION = 5 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
<b>NB</b> If cost or NBV of any Asset in Profit Statement lose DEP for that item if calculated.	1 each	No penalty
If no Dep calculated for an item and the asset is in Profit Statement		-2E once
<b>CALCULATION OF SHAMPOO COST = 4 MARKS</b>		
<b>CALCULATION OF TOTAL ANNUAL OPERATING COST = 31 MARKS INCLUSIVE OF (MARKS) AWARDED</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award(s)	1 each	
If items with (marks) calculated and <b>not</b> included in calculation of Total Annual Operating Cost – APPLY a penalty		-1P each (Max -3P)
If loan interest includes the loan figure lose interest award.	2	No penalty
If any of the 6 combined items wrong/missing – lose award for combination	1	
<b>CALCULATION OF OPERATING COST PER CUSTOMER = 1 Mark</b>		
Candidate’s answer will be right/wrong, consequential on figures used – if wrong/not consequential – lose award	1	
<b>CALCULATION OF CHARGE PER CUSTOMER = 3 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	3	
If profit based on Cost = 20% x £8 = £1.60 – no award	3	

**Question 8 – 40 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<b>DEPT. PROFIT STATEMENTS = 14 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1	
If Profit Statement given with total figures for Sales/Costs – accept for full award(s) – see alternative solution		
<b>DEPT. B CALCULATIONS = 8 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect/wrong formula – lose award(s)	1 or 2	
BEP in units: Candidate’s figures for Fixed Costs and Contribution per unit are consequential on answer from (a)		
If BEP sales in units wrong – accept BEP value as consequential	2	
If MOS sales in units wrong – accept MOS value as consequential	2	
<b>DEPT. A P/V RATIO = 2 Marks</b>		
Candidate’s answer will be right/wrong, consequential on figures used – if wrong/wrong formula lose award	2	
<b>EFFECT OF CLOSURE OF DEPT. A = 4 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
Reduction in FC not £5000 – lose award	1	
Contribution from B not £37,500 (or cons. from (a)) – lose award	1	
New FC not £20,000 or consequential from reduction figure	1	
Advice is consequential on candidate’s figures BUT difference in profit must be backed by figures to gain award		
<b>CURRENT AMOUNT OF KGS OF MATERIALS AND REDUCTION = 2 Marks</b>		
Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award	1 each	
Amount of reduction is consequential on current usage		

**Question 8 (continued)**

<p><b>ORDER OF PRIORITY OF PRODUCTION = 3 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award</p> <p>Contribution per kg. is consequential on contribution per unit from (a) and will consequentially determine priority</p> <p><u>Reason</u> for priority must be given ie <u>higher cont. per kg.</u> to gain award</p> <p><b>NO OF UNITS PRODUCED AND REDUCTION IN PROFITS = 7 Marks</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect/ - lose award</p> <p>Dept. A usage not 2000 units</p> <p>No. of units lost by Dept. B not 870 (or consequential)</p> <p>Reduction in Profit not shown as £8700 (or consequential)</p>	<p>1 each</p> <p>1 each</p> <p>1</p> <p>3</p> <p>1</p>	
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**Question 9 – 10 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
Mark as per solution		
Award marks for valid points not in solution		
If more than TWO topics have been attempted in (b) – mark all topics and select only the marks of the best two for the final total		

**Question 10 – 10 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
Mark as per solution		
Award marks for valid points not in solution		

[END OF SPECIAL MARKING INSTRUCTIONS]