



National
Qualifications
2022

2022 Accounting

National 5

Finalised Marking Instructions

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General marking principles for National 5 Accounting

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (d) Consequentiality subsequent to a calculative error must be followed through, with credit being given for any errors in subsequent calculations or working.
- (e) Scored out or erased working **which has not been replaced** should be marked where still legible. However, if the scored out or erased working has been replaced, only the work which has not been scored out should be marked.
- (f) When marking theory questions, it is important to read the candidate's full answer as the correct answer may be invalidated by further contradictory statements. Use professional judgement.

Question 1 (a) - General Instructions

- If a correct entry appears twice - apply the +- rule. Eg if Cash & Cash Equivalents of £11,000 appears in both the Current Assets and the Current Liabilities, do not award (DNA) the mark in Current Assets.
- If wrong treatment of any entry (eg added Drawings or Loan instead of subtracted) - DNA (this doesn't affect arithmetic mark).
- An entry must have reasonable nomenclature. If not - DNA (to a maximum of 2). Eg accept labels like 'Interest' and 'Admin/Other Expenses' as nomenclature for the receivable/payable. Do not accept labels like 'Closing Balance' for Inventory. Use Professional Judgement (UPJ).
- Entry must be in correct section, otherwise DNA each time.
- If Current Assets is added to Non-Current Assets - accept (if subtotal is deducted instead of added DNA arithmetic mark).
- Accept Loan in the Equity section (providing there is correct treatment).
- If only an Income Statement is completed - accept the new depreciation for the year for 1 mark. If an Income Statement is completed in addition to the SOFP, accept the Profit for The Year in the Equity section coming from either the figure given in the QP, or consequentially from the Income Statement. Ignore everything else in Income Statement.
- If there are **more than 6 extraneous entries** - the maximum the question can score is 10 marks. In this instance, mark the question as normal and then stop marking if the limit of 10 marks is reached.
- If Equity is added on to 'top half' of SOFP (like a running balance), DNA Arithmetic mark
- If a candidate has attempted at least 8 marks worth, then the 2 'no extraneous' marks can be awarded.

LAYOUT/NO EXTRANEIOUS/ARITHMETIC MARKS:

- For the Layout/Headings mark - candidates need:
 - Main Heading (Pamela's Pastries not required). Accept 'on' 31 Dec Yr3.
 - Ticked Headings (▢). Equity section can be Financed/Represented By:

Ignore labels on balancing totals.

NOTE - No need for Working Equity label but if attached to wrong figure, DNA layout mark.

- For No extraneous items:

If one extraneous item - award 1 mark. If there is more than one extraneous item - award 0 marks.

- All arithmetic correct

Question		Expected response(s)				Max mark	Additional guidance																																																																																																																																																																	
1.	(a)	<p>PAMELA’S PASTRIES</p> <p>STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER YEAR 3 (✓)</p> <table><tr><td colspan="2">NON-CURRENT ASSETS (✓)</td><td>COST (£)</td><td>DEP (£)</td><td>NBV (£)</td><td></td></tr><tr><td colspan="2">Property</td><td>100,000</td><td></td><td>100,000</td><td>(1)</td></tr><tr><td>Furn & Fitt 6,000</td><td>2,000</td><td>20,000</td><td>8,000</td><td>12,000</td><td rowspan="2">} (1)</td></tr><tr><td>Vehicles 10,000</td><td>(1) + 1,500</td><td>30,000</td><td>11,500</td><td>18,500</td></tr><tr><td colspan="2"></td><td colspan="2"></td><td>130,500</td><td></td></tr><tr><td colspan="6">CURRENT ASSETS (✓)</td></tr><tr><td colspan="2">Inventory</td><td>2,000</td><td></td><td></td><td>(1)</td></tr><tr><td colspan="2">Tr.Receivables 15,000 (1)- 400 (1)</td><td>14,600</td><td></td><td></td><td></td></tr><tr><td colspan="2">Other Receivables/Interest</td><td>150</td><td></td><td></td><td>(1)</td></tr><tr><td colspan="2">Cash & Cash Equivalents</td><td>11,000</td><td>27,750</td><td></td><td>(1)</td></tr><tr><td colspan="6">LESS CURRENT LIABILITIES (✓)</td></tr><tr><td colspan="2">Trade Payables</td><td>8,000</td><td></td><td></td><td>(1)</td></tr><tr><td colspan="2">VAT</td><td>4,000</td><td></td><td></td><td>(1)</td></tr><tr><td colspan="2">Other Payables</td><td>250</td><td>12,250</td><td></td><td>(1)</td></tr><tr><td colspan="2">WORKING EQUITY</td><td colspan="2"></td><td>15,500</td><td></td></tr><tr><td colspan="2"></td><td colspan="2"></td><td>146,000</td><td></td></tr><tr><td colspan="6">NON-CURRENT LIABILITIES (✓)</td></tr><tr><td colspan="2">Loan</td><td colspan="2"></td><td>25,000</td><td>(1)</td></tr><tr><td colspan="2"></td><td colspan="2"></td><td>121,000</td><td></td></tr><tr><td colspan="6">EQUITY (✓)</td></tr><tr><td colspan="2">Opening Equity</td><td>110,000</td><td></td><td></td><td>(1)</td></tr><tr><td colspan="2">ADD Profit for Year</td><td>23,000</td><td>133,000</td><td></td><td>(1)</td></tr><tr><td colspan="2">LESS Drawings</td><td></td><td>12,000</td><td></td><td>(1)</td></tr><tr><td colspan="2"></td><td colspan="2"></td><td>121,000</td><td></td></tr><tr><td colspan="6">Layout (1)</td></tr><tr><td colspan="6">No Extraneous (2)</td></tr><tr><td colspan="6">Arithmetic (1)</td></tr></table>				NON-CURRENT ASSETS (✓)		COST (£)	DEP (£)	NBV (£)		Property		100,000		100,000	(1)	Furn & Fitt 6,000	2,000	20,000	8,000	12,000	} (1)	Vehicles 10,000	(1) + 1,500	30,000	11,500	18,500					130,500		CURRENT ASSETS (✓)						Inventory		2,000			(1)	Tr.Receivables 15,000 (1)- 400 (1)		14,600				Other Receivables/Interest		150			(1)	Cash & Cash Equivalents		11,000	27,750		(1)	LESS CURRENT LIABILITIES (✓)						Trade Payables		8,000			(1)	VAT		4,000			(1)	Other Payables		250	12,250		(1)	WORKING EQUITY				15,500						146,000		NON-CURRENT LIABILITIES (✓)						Loan				25,000	(1)					121,000		EQUITY (✓)						Opening Equity		110,000			(1)	ADD Profit for Year		23,000	133,000		(1)	LESS Drawings			12,000		(1)					121,000		Layout (1)						No Extraneous (2)						Arithmetic (1)						20	<p>The combined mark for NBVs on Furniture and Motor Vehicles is consequential on the candidate’s entries for depreciation.</p> <p>If either Furniture or Vehicles have been omitted - can still award the NBV mark. DNA marks for either part of the depreciation calculation.</p> <p>If PBD detached from Trade Receivables (not directly underneath) then DNA - even if correct treatment. If detached and added to Current Assets, still award arithmetic mark.</p> <p>If PBD is labelled ‘Bad Debt’ then accept providing figure is £400.</p> <p>If £450 is deducted from Trade Receivables - it is wrong but not Extraneous (£450 appearing anywhere else would be extraneous).</p> <p>If Admin Expenses Payable is £14,000 it is extraneous. If it is £14,250 or £13,750, mark incorrect (not extraneous).</p>
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Question			Expected response(s)	Max mark	Additional guidance																											
	(b)		<table><tr><td>Error</td><td>Increase/Decrease/No Effect</td><td>Amount</td></tr><tr><td>1</td><td>Increase (1)</td><td>£36 (1)</td></tr><tr><td>2</td><td>Decrease</td><td>£5,000 (1)</td></tr><tr><td>3</td><td>No Effect (1)</td><td></td></tr><tr><td>4</td><td>No Effect (1)</td><td></td></tr><tr><td>5</td><td>Decrease (1)</td><td>£300 (1)</td></tr><tr><td>6</td><td>Increase</td><td>£64 (1)</td></tr><tr><td>7</td><td>No Effect (1)</td><td></td></tr><tr><td>Total Effect</td><td>Decrease</td><td>£5,200 (1)</td></tr></table>	Error	Increase/Decrease/No Effect	Amount	1	Increase (1)	£36 (1)	2	Decrease	£5,000 (1)	3	No Effect (1)		4	No Effect (1)		5	Decrease (1)	£300 (1)	6	Increase	£64 (1)	7	No Effect (1)		Total Effect	Decrease	£5,200 (1)	10	Error 5 - if candidates say decrease 150 award 1 mark if they say increase 150 award 0 marks . If Total Effect is blank, then the mark can be awarded in (b) providing (c) is consequentially correct. In this instance if Total Effect was blank and (c) showed £17,800, the full 10 marks can be awarded in (b). If (c) showed a figure of £5,200 only, then the full 10 marks can be awarded in (b) (but the answer to (c) would score 0 marks).
Error	Increase/Decrease/No Effect	Amount																														
1	Increase (1)	£36 (1)																														
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5	Decrease (1)	£300 (1)																														
6	Increase	£64 (1)																														
7	No Effect (1)																															
Total Effect	Decrease	£5,200 (1)																														
	(c)		£23,000 - £5,200 = £17,800 (1)	1	Watch consequentiality on (b).																											
	(d)		<ul style="list-style-type: none">Keeps financial records (of business transactions)/records revenue & expensesBook-keeping/preparing ledger accounts/maintaining ledgersPrepares the final accounts (of a business)/Prepares Income Statement/Statement of Financial Position. (max 1)/Calculates the profit/lossEnsures a firm operates within (financial accounting) legislation/accounting guidelinesDeals with taxChecks financial records to ensure accuracy/minimise errorsProduces ratios/Comparing performance	2	Any 2 for 1 mark each. If candidate response indicates a management/decision making role (eg advising on how to improve profits) then no award.																											
	(e)		<ul style="list-style-type: none">DamageWear and tear/UsageObsoleteNew modelsAge/TimeChanges in tastes and fashion	2	Any 2 for 1 mark each.																											

Question			Expected response(s)	Max mark	Additional guidance
2.			<p>General Guidance</p> <p>Watch consequentiality throughout question.</p> <p>Ignore labels if missing. If labels are wrong (ie break-even units has a £ sign), do not award 1 mark ONCE ONLY throughout the question. (Applies to final answer only, not workings).</p> <p>*If the candidate works out correct answer, but then further adjusts it to leave a wrong answer, they cannot be awarded the full allocation of marks for that particular question. A 2 mark 'all or nothing' question can be reduced to 1 mark in this instance.</p> <p>If answer has decimal points, candidate can either round up or down to the nearest whole number.</p> <p>If using a spreadsheet to check consequentiality, candidate responses may differ from spreadsheet answers due to rounding errors. It would be advisable to increase the decimals in the spreadsheet in these instances.</p> <p>If candidate has multiple answers as they have calculations at each level, and all are different - then if correct answer appears, allocate marks as per solution.</p>		
	(a)	(i)	$\text{£}10 + \text{£}36 + \text{£}24 = \text{£}70$ (1) (1) (1)	3	<p>Max 2 marks if arithmetic error.</p> <p>If you see final answer of: $\text{£}30$ - award 1 mark (10+12+8) $\text{£}46$ - award 2 marks (10+12+24) $\text{£}54$ - award 2 marks (10+36+8)</p>
		(ii)	$\text{£}80 - \text{£}70 = \text{£}10$ (2)	2	<p>All or nothing*.</p> <p>Award 1 mark if arithmetic error.</p>
		(iii)	$\text{£}40,000 + \text{£}30,000 = \text{£}70,000$ (1)	1	

Question			Expected response(s)	Max mark	Additional guidance
		(iv)	$\text{£}70,000 / \text{£}10 = 7,000 \text{ units (2)}$ $7,000 \times \text{£}80 = \text{£}560,000$ (1)	3	<p>The first 2 marks are all or nothing*.</p> <p>Award 1 mark if arithmetic error.</p> <p>Award 1 mark if 7,000 not stated (question asks for BEP).</p>
		(v)	$10,000 - 7,000 = 3,000 \text{ units (2)}$ $3,000 \times \text{£}80 = \text{£}240,000$ (1)	3	<p>The first 2 marks all or nothing*.</p> <p>Award 1 mark if arithmetic error (watch for consequentiality).</p> <p>Award 1 mark if 3,000 not stated (question asks for MOS).</p>
		(vi)	$5,000 - 7,000 = (2,000) \text{ units (1)}$ $(2,000) \times \text{£}10 = (\text{£}20,000) \text{ loss}$ (1) (1) OR $5,000 \times \text{£}10 = \text{£}50,000 \text{ (1)}$ $\text{£}50,000 \text{ (1)} - \text{£}70,000 \text{ (1)} = (\text{£}20,000) \text{ loss}$ OR $5,000 \times \text{£}80 = \text{£}400,000 \text{ (1)}$ $5,000 \times \text{£}70 = \underline{\text{£}350,000} \text{ (1)}$ <div style="margin-left: 100px;">$\text{£}50,000$</div> Less FC <u>$\text{£}70,000$</u> (1) Loss (£20,000)	3	<p>To gain first mark - candidate must use 5,000 and the break-even point correctly.</p> <p>Accept (2,000) units on its own for 2 marks.</p> <p>Max 2 marks if an answer is incorrect based on correct/consequential figures used.</p> <p>Need the word loss or brackets or minus sign in the answer. If not DNA the final mark. Max 2 out of 3. This applies to a loss only. If consequentially calculated as a profit, then no need for profit label.</p>

Question			Expected response(s)	Max mark	Additional guidance
		(vii)	$£70,000 + £50,000 = £120,000$ (2) $£120,000/£10 = 12,000$ units (1) OR $£50,000/£10 = 5,000$ (1) $5,000 + 7,000 = 12,000$ units (1) (1)	3	<p>Max 2 marks if answer incorrect based on figures used.</p> <p>$£70,000 + £50,000$ is 2 marks all or nothing.</p> <p>Candidates may use a different method to get the correct answer, UPJ to allocate marks.</p>
	(b)	(i)	<p>New Selling Price = £100 (1) New Materials = £12 (1) New Labour = £48 (1) New Overheads = £32 (1)</p> <p>CPU £100 - £92 = £8 (2)</p>	6	<p>Watch for consequentiality.</p> <p>Award 1 mark to contribution if arithmetic error in candidate response (or if one component part is incorrect or consequentially incorrect)</p> <p>Accept £8 on its own for 6 marks.</p> <p>If no working for the Variable Cost and you see: £32 - award 1 mark for VC (12+12+8) £56 - award 2 marks for VC (12+12+32) £68 - award 2 marks for VC (12+48+8)</p>
		(ii)	<p>New Fixed Costs = £70,000 - £7,000 = £63,000 (1)</p> <p>$£63,000/£8 = 7,875$ units (1) $7,875$ units - $7,000$ units = 875 units (increase) (1)</p>	3	<p>Answer is consequential on (b) (i)</p> <p>No need to indicate increase/decrease.</p>

Question			Expected response(s)	Max mark	Additional guidance
		(iii)	<p>Fixed Costs £63,000</p> <p>$(£63,000 + £50,000) / £8 = 14,125 \text{ units}$</p> <p style="text-align: center;">(2) (1)</p> <p>OR</p> <p>$£50,000 / £8 = 6,250 \text{ units}$</p> <p style="text-align: center;">(1)</p> <p>$6,250 + 7,875 = 14,125 \text{ units}$</p> <p style="text-align: center;">(1) (1)</p>	3	<p>Max 2 marks if answer incorrect based on figures used.</p> <p>£63,000 + £50,000 is 2 marks all or nothing.</p>
	(c)	(i)	<ul style="list-style-type: none"> • Use own savings/increase equity • Grant • Form a partnership/limited company • Get an investor/business angel/venture capitalist 	1	<p>DNA Selling Assets.</p> <p>DNA anything relating to borrowing.</p>

Question			Expected response(s)			Max mark	Additional guidance
		(ii)	Source	Advantage	Disadvantage	4	<p>Answers are consequential from (c) (i).</p> <p>For Loan - 'Quick and Easy to get' would only be awarded 1 mark.</p> <p>Accept any other reasonable answer.</p>
			Own savings/ increase equity	<ul style="list-style-type: none"> • No repayments required • No interest payments • Profits kept by owner 	<ul style="list-style-type: none"> • At risk of losing more money if business fails • Takes longer to get money • May miss business opportunity 		
			Grant	<ul style="list-style-type: none"> • No need to repay • No interest payments 	<ul style="list-style-type: none"> • May not receive full amount required • Lots of paperwork • Not available quickly • Conditions may be attached 		
			Partnership	<ul style="list-style-type: none"> • More expertise • Shared responsibility • Shared workload 	<ul style="list-style-type: none"> • Loss of sole control • Must share profits • Disagreements on decisions 		
			Limited Co.	<ul style="list-style-type: none"> • High amounts of finance • Benefit of shareholder knowledge 	<ul style="list-style-type: none"> • Loss of sole control • Must share profits • Disagreements on decisions 		
			Investor	<ul style="list-style-type: none"> • Benefit from their business knowledge • Readily available for advice • Benefit from their contacts/networks • Will be more invested in business being a success 	<ul style="list-style-type: none"> • Loss of sole control • Must share profits • Disagreements on decisions 		
			Loan	<ul style="list-style-type: none"> • Get all money at once • Easy to obtain/Can be obtained quickly • Can pay back in instalments • Can expand without having to build savings • You can get a large sum 	<ul style="list-style-type: none"> • Have to pay back (1) with interest (1) • If unable to pay, could lose possessions/go bankrupt • Penalties if late paying back 		

Question			Expected response(s)				Max mark	Additional guidance
3.			Zheng Zhi - Trial Balance as at 30 April Year 2				15	<p>1 mark to be awarded for the following pairs of correct entries:</p> <ul style="list-style-type: none"> • Trade receivables/trade payables • Sales revenue/purchases • Purchase returns/sales revenue returns • Carriage in/carriage out <p>If one entry wrong in each pair do not award mark.</p> <p>1 mark to be awarded to all other entries.</p> <p>If entry in both Dr and Cr - no award.</p> <p>Award 1 mark for both totals if arithmetically correct.</p>
					DR	CR		
					£	£		
			Wages and Salaries	(1)	36,850			
			Trade Receivables	(1)	4,750			
			Trade Payables			3,550		
			Purchases	(1)	150,440			
			Sales Revenue			259,600		
			Purchases Returns	(1)		7,860		
			Sales Revenue Returns		9,900			
			Overdraft - Cash and Cash Equivalents	(1)		4,700		
			Provision for Bad Debts	(1)		350		
			Property	(1)	300,000			
			Mortgage	(1)		150,000		
			Carriage In	(1)	1,100			
			Carriage Out		850			
			Drawings	(1)	6,700			
			Equity	(1)		97,780		
			Discount Allowed	(1)	950			
			Rent Received	(1)		1,150		
			Inventory	(1)	13,450			
				(1)	524,990	524,990		

Question			Expected response(s)	Max mark	Additional guidance																		
4.	(a)		<p>Wages for S Richards</p> <table><tr><td></td><td></td><td>£</td></tr><tr><td>Basic</td><td>40 hours x £12 (1)</td><td>480</td></tr><tr><td>Overtime 1</td><td>5 hours x (£12 + £6) (1)</td><td>90</td></tr><tr><td>Overtime 2</td><td>11.5 hours (1) x (£12 + £12) (1)</td><td>276</td></tr><tr><td>Bonus</td><td>60 (1) - 56.5 (1) = 3.5 hours x (£12 x 1/3) (1)</td><td>14</td></tr><tr><td>Total wage due</td><td></td><td>860 (1)</td></tr></table>			£	Basic	40 hours x £12 (1)	480	Overtime 1	5 hours x (£12 + £6) (1)	90	Overtime 2	11.5 hours (1) x (£12 + £12) (1)	276	Bonus	60 (1) - 56.5 (1) = 3.5 hours x (£12 x 1/3) (1)	14	Total wage due		860 (1)	8	<p>If bonus is £56 award 2 marks (added £4 onto £12 so 3.5 hours x £16).</p> <p>If there is no total, check 4 (b) and can award this mark in 4 (a) providing it is correct or consequentially correct.</p>
		£																					
Basic	40 hours x £12 (1)	480																					
Overtime 1	5 hours x (£12 + £6) (1)	90																					
Overtime 2	11.5 hours (1) x (£12 + £12) (1)	276																					
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Total wage due		860 (1)																					

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	(b)		<p>Job Cost Statement (Heading not required)</p> <table><tr><td>Materials (65/5= 13 (1) x £25 (1))</td><td></td><td>£325.00</td><td></td></tr><tr><td>Labour</td><td></td><td>£860.00</td><td>(1)</td></tr><tr><td>Overheads (56.5 x £0.5)</td><td></td><td>£28.25</td><td>(1)</td></tr><tr><td></td><td></td><td>£1,213.25</td><td></td></tr><tr><td>ADD Mark-up (40% x £1,213.25)</td><td></td><td>£485.30</td><td>(1)</td></tr><tr><td></td><td></td><td>£1,698.55</td><td></td></tr><tr><td>ADD VAT (20% x £1,698.55)</td><td></td><td>£339.71</td><td>(1)</td></tr><tr><td>Sales Price</td><td></td><td>£2,038.26</td><td>(1)</td></tr></table> <p>NOTE</p> <p>If candidate has £593.46 - award 6 marks (providing there is correct label for sales price).</p>				Materials (65/5= 13 (1) x £25 (1))		£325.00		Labour		£860.00	(1)	Overheads (56.5 x £0.5)		£28.25	(1)			£1,213.25		ADD Mark-up (40% x £1,213.25)		£485.30	(1)			£1,698.55		ADD VAT (20% x £1,698.55)		£339.71	(1)	Sales Price		£2,038.26	(1)	7	<p>Sales Price mark awarded for all arithmetic correct, and final label for Selling Price/Quote. DNA cost unless it says ‘cost to customer’.</p> <p>If candidate has applied VAT and/or Mark-up on each line item, mark each item as correct (ignoring VAT/Mark-up) and DNA both VAT and Mark-up marks (even if they are calculated correctly).</p> <p>If Total Cost subtotal incorrect - DNA mark-up. If mark-up missing, DNA VAT.</p> <p>If Mark-up/VAT subtracted - DNA mark(s). This does not affect final total mark which would now be consequential.</p> <p>If there are no Mark-up or VAT figures but correct treatment can be ascertained through subtotals, award marks.</p> <p>If VAT and Mark-up wrong way round - max 1 for both VAT and Mark-up entries if calculated correctly. If this happens and either VAT or Mark-up calculated incorrectly - 0 marks.</p> <p>Subtotal after mark-up not required.</p>
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5.	(a)	<p>Jemma Turner - Inventory Record Card (LIFO)</p> <table><tr><th></th><th colspan="3">Receipts</th><th colspan="3">Issues</th><th colspan="3">Balance</th></tr><tr><th>Date</th><th>Q</th><th>CPU (£)</th><th>V (£)</th><th>Q</th><th>CPU (£)</th><th>V (£)</th><th>Q</th><th>CPU (£)</th><th>V (£)</th></tr><tr><td>2 Jun</td><td>150</td><td>4.20</td><td>630</td><td></td><td></td><td></td><td>150</td><td>4.20</td><td>630*</td></tr><tr><td>5 Jun</td><td></td><td>(1)</td><td></td><td>40</td><td>4.20</td><td>(1) 168</td><td>110</td><td>4.20</td><td>462*</td></tr><tr><td>19 Jun</td><td>80</td><td>4.30</td><td>344</td><td></td><td></td><td></td><td>110 80</td><td>4.20 4.30</td><td>462 344 806 (1)</td></tr><tr><td>20 Jun</td><td></td><td></td><td></td><td>30</td><td>4.30</td><td>(2) 129</td><td>110 50</td><td>4.20 4.30</td><td>462 215 677 (1)</td></tr><tr><td>21 Jun</td><td></td><td></td><td></td><td>15</td><td>4.20</td><td>(1) 63</td><td>95 50</td><td>4.20 4.30</td><td>399 215 614 (1)</td></tr><tr><td>29 Jun</td><td></td><td></td><td>(1)</td><td>50 25</td><td>4.30 4.20</td><td>215 105</td><td>70</td><td>4.20</td><td>294* (1)</td></tr></table> <p>Important</p> <p>Done as FIFO, DNA the 4 issue marks awarded on 20 & 29 Jun (max overall award is 7).</p> <p>If 2 separate groups of inventory not shown on 19 Jun, 20 Jun & 21 Jun balances, DNA balance award each time.</p> <p>If Balance column done as running balance - mark balances box as per solution.</p> <p>If 21 June is treated as a receipt, the balance may contain 2 or 3 groups of inventories (candidate may have added 15 onto 95, or shown the 15 on a third line). Both are acceptable. If candidate has 3 groups of inventory, do not penalise if they only issue 2 groups of inventory on 29 June as per solution. Similarly, if CPU in Issues is wrong and balance is treated as per solution - accept (don't penalise as consequentially wrong).</p> <p>The balance column may contain extra entries due to candidates having a simple calculation to arrive at the balance. This is acceptable. Use professional judgement (UPJ). If extra entries in Balance column are at all unclear - DNA mark.</p>										Receipts			Issues			Balance			Date	Q	CPU (£)	V (£)	Q	CPU (£)	V (£)	Q	CPU (£)	V (£)	2 Jun	150	4.20	630				150	4.20	630*	5 Jun		(1)		40	4.20	(1) 168	110	4.20	462*	19 Jun	80	4.30	344				110 80	4.20 4.30	462 344 806 (1)	20 Jun				30	4.30	(2) 129	110 50	4.20 4.30	462 215 677 (1)	21 Jun				15	4.20	(1) 63	95 50	4.20 4.30	399 215 614 (1)	29 Jun			(1)	50 25	4.30 4.20	215 105	70	4.20	294* (1)	11	<p>Watch consequentiality throughout.</p> <p>All items in the Q, CPU & V columns must be correct to receive marks.</p> <p>If there is a mistake in 20 June issue, candidates can gain 1 mark provided they have the correct Q and CPU of inventory issued. (For example arithmetic error, missing balance). Otherwise DNA mark.</p> <p>The final mark in the balance column is for correct balances on 2, 5 and 29 June and also for all correct dates.</p> <p>If Balance has 2 separate inventories, it needs to show a total value of both inventories to gain Balance mark. If candidate repeats this, treat as consequential.</p> <p>Where 2 separate inventories and total value are shown but individual totals are not - accept, eg - 19 Jun only has £806 in balance.</p> <p>Issue on 29 Jun doesn't need total.</p> <p>If issues are entered in Receipts, DNA mark each time.</p>
	Receipts			Issues			Balance																																																																																					
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Question			Expected response(s)	Max mark	Additional guidance
	(b)		<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Wider range of customers/increased sales • More attractive to customers (as they don't have to pay upfront)/can take time to gather funds to pay) • Increased customer loyalty • Larger/bulk orders more likely <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Don't get paid immediately/Takes longer to get paid • Bad debts • Costs/hassle of chasing up debts • Cashflow problems • More paperwork • Cost of credit checks 	2	Candidate responses must be from the point of view of the seller (Jemma), otherwise DNA.
	(c)		To encourage/reward prompt payment	1	
	(d)		<ul style="list-style-type: none"> • Included in Cost of Sales • Added to purchases • Would reduce Gross Profit/Profit for the Year <p>DNA 'Carriage In' on its own.</p>	1	Response must indicate how this is treated in the final accounts - not just give a definition.

Q6 - General Instructions

- Markers should approach the question by marking transactions sequentially in date order (ie mark the 3 entries for 5 Oct first, then mark the entries for 10 Oct etc). When marking a transaction it is helpful to have a starting point, and then ask yourself 'What would I expect to see next'? The following starting points in a transaction should be used by markers:

- 5 Oct Start with entry in Purchases Acc. Look at VAT next. It should follow the Dr or Cr entry of the first figure. Then, look at Champ Sports Account.
- 10 Oct Start in Equipment Acc. Look at VAT next. It should follow the Dr or Cr entry of the first figure. Then, look at Office World Account.
- 18 Oct Start in Drawings Acc and then look at Bank Acc.
- 25 Oct Start off by looking in the Bank Acc for payment of £1,080 or an adjusted figure (candidate may have adjusted for Vat Refund/Discount eg £972). An adjusted amount will be incorrect in the Bank Account, but will then subsequently be consequential. Then go to Champ Sports Acc to see if corresponding transaction has been made.

Stay in Champ Sports account to ascertain if the Discount and Vat Refund have been applied and then look for corresponding entries in the Discount and Vat accounts.

- Apply consequentiality as to which side of the ledger entries are on. Therefore, if a Purchase is incorrectly entered on the Credit side, this would be marked wrong. However if the VAT was also on the Credit Side and the supplier on the Debit Side this would be consequentially correct. Taking this approach may mean that some entries which are correct as per solution, will be marked as consequentially incorrect.
- Consequentiality is not applied to the figures contained within a transaction. The figures are to be marked as per solution. (There is an exception to this for entries on 25 Oct which is explained in the Additional Guidance above).
- If there is no starting point in a transaction (eg candidate has opened up a Brian Rankin account instead of Purchases on 5 Oct) then mark as per solution.
- There is no loss of awards for incorrect dates and nomenclature. Marks are awarded for entries only. There is also no loss of award for Balances being incorrectly calculated.
- If an entry has been put into the wrong account, it does not gain an award.
- If there are any extra entries as part of a transaction, apply the +/- rule. Taking the transaction on 5 March as an example, if a candidate enters £1,000 Dr in the Purchases Acc and also enters £1,000 Dr in the eg Brian Rankin Acc (with the VAT and Supplier Accounts being correct), they would be awarded 2 marks over the transaction instead of 3. Markers should show this by putting a 'the tick with no mark allocated to it' and 0 beside correct entry, and a cross at the wrong entry.

Q6 - Alternative Solution

5 Oct

Dr

Purchases Acc

Champ Sports - £1,000

Cr

Champ Sports Acc

Purchases & Vat - £1,200

Vat Acc

Champ Sports - £200

3 marks

10 Oct

Dr

Equipment Acc

Office World - £550

Cr

Office World Acc

Equipment & Vat - £660

Vat Acc

Office World - £110

3 marks

18 Oct

Dr

Drawings Acc

Bank - £700

Cr

Bank Acc

Drawings - £700

2 marks

25 Oct

Dr

Champ Sports Acc

Bank - £1,080

Cr

Bank Acc

Champ Sports - £1,080

Discount - £100

Discount Acc

Champ Sports - £1,080

VAT - £20

VAT Acc

Champ Sports - £20

7 marks

Question			Expected response(s)								Max mark	Additional guidance																																																															
6.			<table><tr><td colspan="8">Account Name: BANK (CASH AND CASH EQUIVALENTS)</td><td></td></tr><tr><td>Date</td><td>Details</td><td colspan="2">Dr</td><td colspan="2">Cr</td><td colspan="2">Balance</td><td></td></tr><tr><td></td><td></td><td>£</td><td>p</td><td>£</td><td>p</td><td>£</td><td>p</td><td></td></tr><tr><td>01.10</td><td>Balance</td><td>2,500</td><td>00</td><td></td><td></td><td>2,500</td><td>00</td><td>Dr</td></tr><tr><td>18.10</td><td>Drawings</td><td></td><td></td><td>700</td><td>00</td><td>1,800</td><td>00 (1)</td><td>Dr</td></tr><tr><td>25.10</td><td>Champ Sports</td><td></td><td></td><td>1,080</td><td>00</td><td>720</td><td>00 (1)</td><td>Dr</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								Account Name: BANK (CASH AND CASH EQUIVALENTS)									Date	Details	Dr		Cr		Balance					£	p	£	p	£	p		01.10	Balance	2,500	00			2,500	00	Dr	18.10	Drawings			700	00	1,800	00 (1)	Dr	25.10	Champ Sports			1,080	00	720	00 (1)	Dr										15	
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Account Name: OFFICE WORLD																																																																																																																																																																					
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10.10	Equipment & VAT			660	00	660	00 (1)	Cr																																																																																																																																																													
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18.10	Cash & Cash Equivalents	700	00			700	00 (1)	Dr																																																																																																																																																													
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25.10	Champ Sports			100	00	100	00 (1)	Cr																																																																																																																																																													
Or £120 if no Vat Refund																																																																																																																																																																					

[END OF MARKING INSTRUCTIONS]