



2012 Accounting

Advanced Higher – Special Instructions

Finalised Marking Instructions

© Scottish Qualifications Authority 2012

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from SQA's NQ Delivery: Exam Operations.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's NQ Delivery: Exam Operations may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

2012 Accounting

Marking Conventions

CONVENTION	EXPLANATION	MARK(S) ON CANDIDATE PAPER
Extraneous	Items 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 of 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 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 the question asks for an account or a statement and a list is given	-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 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 into 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**
9. If right and wrong – give value of award where figure is correct, deduct value of award where figure is wrong (cross reference +/- against relevant figures).
10. Indicate awards given for each item next to the appropriate figure eg £1,500¹.

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

Sub-totals for each section should be indicated and encircled, eg (5/6)

Final totals should be clearly indicated and easy to check eg Q1 = 42/50

	Award marks lost	Penalties applied
QUESTION 1 - MATTHEWS		
Part A		
(a) (i) Cost of Sales – 4 marks		
Cost of goods sold wrong	1	
Wages and salaries allocation wrong	1	
Rent and Rates allocation wrong	1	
Depreciation of Machinery allocation wrong	1	
(ii) Distribution Expenses – 6 marks		
Wages and salaries allocation wrong, not consequential on (a)(i)	1	
Rent and Rates allocation wrong, not consequential on (a)(i)	1	
Sundry Distribution expenses wrong	1	
Depreciation Delivery Vans wrong	1	
Depreciation Machinery allocation wrong	1	
Vehicle Expenses wrong	1	
(iii) Administration Expenses – 5 marks		
Wages and salaries allocation wrong, not consequential on (a)(i)	1	
Rent and Rates allocation wrong, not consequential on (a)(i)	1	
Directors' emoluments, Sundry Administration Expenses wrong	1	
Audit fees wrong	1	
Discounts net wrong	1	
(b) Published Profit and Loss Account – 14 marks		
Heading wrong/omitted		-1
Turnover wrong	1	
Cost of goods sold wrong, not consequential on (a)(i)	1	
Distribution wrong, not consequential on (a)(ii)	1	
Administration expenses wrong, not consequential on (a)(iii)	1	
Operating profit wrong, not consequential, not labelled	1	
Investment income £4,500 only	1	
Investment income £2,300 only	1	
Otherwise if Investment income wrong	1	
Interest payable wrong	1	
Profit on ordinary activities wrong, not labelled	1	
Corporation tax on ordinary activities wrong	1	
If CT entered before Inv Inc and Interest lose CT award and Profit on Ord Act label	1 and 1	
Any item out of correct order	1 or 2	

	Award marks lost	Penalties applied
QUESTION 1 (continued)		
Profit after tax wrong, not labelled	1	
Preference dividends wrong	1	
Ordinary share dividend not based on 375,000 shares	1	
Ordinary shares dividend not based on 3p per share	1	
Retained profits not labelled		-1
Retained profits b/f included - ignore		
Extraneous items in Profit and Loss account		-1 -2 each (max -4)
 Balance Sheet – 13 marks		
Heading wrong/omitted		-1
Tangible Assets wrong	2	
If Tangible Assets £275,000	1	
If Tangible Assets £98,600	1	
Investments wrong	1	
Current assets total wrong	1	
Creditors: amounts falling due within one year		
Dividend paid included treat as +/-		
Trade creditors or accruals wrong, missing	1	
Corporation tax wrong	1	
Debenture interest wrong	1	
Net Current Assets not labelled	1	
Total Assets less Current Liabilities not labelled	1	
Creditors amounts falling due after one year wrong	1	
 Capital and Reserves		
Called up capital wrong	1	
Share Premium wrong	1	
Reserves wrong, not consequential	1	
Extraneous items		-2 (max -4)

	Award marks lost	Penalties applied
QUESTION 1 – Ratios – 8 marks		
Part B		
(a) Earnings per share – 3 marks		
Wrong formula	3	
One mark awarded for each figure, any figure wrong or missing lose award	3	
(b) Price Earnings Ratio – 2 marks		
Wrong formula	2	
One mark awarded for each figure, any figure wrong or missing lose award	2	
(c) Dividend Yield – 3 marks		
Wrong formula	3	
One mark awarded for each figure, any figure wrong or missing lose award	3	

	Award marks lost	Penalties applied
QUESTION 2 – L SMITH		
(a) Trading and Profit and Loss Account – 30 marks		
Heading wrong/omitted		-1
Calculation of Sales figure – 7 marks		
Credit Sales		
Opening or closing Debtors balance wrong, omitted	1	
Cheques received wrong, omitted	1	
Discount allowed wrong, omitted	1	
Calculation of Total Sales		
Cash sales wrong, omitted	1	
Drawings wrong, omitted	1	
Total of Purchases and repairs to buildings, wrong or any figure omitted	1	
Opening Stock wrong, omitted	1	
Calculation of Purchases – 6 marks		
Opening Balance wrong, omitted	1	
Bank and Discount either figure omitted wrong	1	
Closing Balance wrong, omitted	1	
Cash purchases not added, wrong, omitted	1	
Drawings not £400	1	
Mark-up calculation wrong	1	
Closing stock wrong, omitted	1	
Rates wrong, omitted	1	
Wages and Salaries wrong, omitted	1	
Electricity wrong, omitted	1	
Insurance paid wrong, omitted	1	
Not adjusted correctly for either prepayments	1	
Repairs to buildings wrong, omitted	1	
Bad debts wrong, omitted	1	
Discount allowed wrong, omitted	1	
Provision for Bad Debts wrong, omitted	1	
Provision for Depreciation of Motor Vehicles		
Jan–June not £2,500	1	
July–Dec not £1,750	1	
Loss on sale of Motor vehicle		
Depreciation for year 1 not £1,500	1	
Depreciation for year 2 not £750	1	
Cash received £5,000 wrong, omitted	1	
Loss on sale wrong, omitted, not consequential	3	
Extraneous		-2 (max -4)

	Award marks lost	Penalties applied
QUESTION 2 (continued)		
(b) (i) Net book value of Motor vehicles – 4 marks		
Cost of motor vehicles year 2 not £17,500	1	1
Year 1 depreciation omitted		
Depreciation year 2 Jan–Jun not £2,500	1	
Depreciation year 2 July–Dec not £1,750	1	
Depreciation on vehicle sold not £2,250 wrong, omitted	1	
(ii) Bank Account – 2 marks		
Overdraft, wrong, omitted	1	
Total receipts or payments wrong, omitted	1	
(iii) Capital at end – 4 marks		
Capital at start wrong, omitted	1	
Additional capital wrong, omitted	1	
Net Profit wrong, omitted	1	
Drawings wrong, omitted	1	

	Award marks lost	Penalties applied
QUESTION 3 – LIVINGSTONE PLC		
Part A		
(i) Reconciliation of operating profit to net cash inflow from operating activities – 18 marks		
Operating Profit (before interest and tax)	1	
Operating profit of £80, wrong, omitted	1	
Debenture Interest Payable wrong, omitted	1	
Ordinary Dividends wrong, omitted	1	
Corporation Tax wrong omitted		
Loss on sale of equipment – 3 marks		
Cost wrong, omitted	1	
Depreciation on equipment sold, wrong omitted	1	
Cash received for asset wrong, omitted	1	
Loss on sale of vehicles		
Cost wrong, omitted	1	
Depreciation on equipment sold wrong, omitted	1	
Cash received for asset wrong, omitted	1	
Profit on sale of buildings – 3 marks		
Cost wrong, omitted	1	
Cash received wrong, omitted	1	
Profit not deducted from operating profit	1	
Profit/loss on sales wrong effect/wrong label	1 each	
Changes in working capital		
Stocks wrong, omitted, treated incorrectly	1	
Debtors wrong, omitted, treated incorrectly	1	
Creditors wrong, omitted, treated incorrectly	1	
Extraneous		-2 (max -4)

	Award marks lost	Penalties applied
QUESTION 3 (continued)		
(ii) Cash Flow Statement – 13 marks		
Net cash inflow from operating activities, wrong, not consequential	1	
Debenture interest wrong, wrong effect	1	
Taxation – any figure wrong, treated incorrectly or total wrong effect	1 each, (max 3)	
Buildings wrong, wrong effect	1	
Equipment wrong, wrong effect	1	
Vehicles wrong, wrong effect	1	
Equity dividend wrong, wrong effect	1	
Decrease in Cash/Bank during year wrong, wrong effect not labelled	1	
Any extraneous item		-1 (max 2)
Part B		
Share Premium required – 9 marks		
Factory expansion cost wrong, omitted	1	
Overdraft to clear wrong, omitted	1	
Bank balance required wrong, omitted	1	
Total cash required, wrong		-1
Debenture issue wrong not deducted from cash required	1	
Cost per wrong, not consequential	1	
Nominal value not 50p or deducted from share price	1	
Share premium not 25p or consequential	1	
Original Capital included		-2 Ext

	Award marks lost	Penalties applied
<p>QUESTION 4</p> <p>Mark as per solution</p> <p>(a) Maximum 6 marks</p> <p>One mark for identifying the area and one mark for the description</p> <p>(b) Marks available 16 marks – 8 for each section described</p> <p>2 marks available for each point</p> <p>(c) Marks available 8 marks</p> <p>2 marks available for each valid point</p>		

<p>QUESTION 5</p> <p>Mark as per solution</p> <p>(a) Marks available – 6 marks</p> <p>Two marks for each valid point – maximum 6</p> <p>(b) Marks available – 16 marks</p> <p>Two marks awarded for each valid point</p> <p>(c) Marks available – 8 marks</p> <p>Two marks awarded for each valid point</p>		
--	--	--

	Award marks lost	Penalties applied
QUESTION 6 – Thomson Ltd		
Part A		
<p>(a) New machine depreciation (£75,000) not deducted from other costs in Year 1 Net cash savings Years 2-5 not correct or consequentially correct in light of above Cash inflow in Year 6 (£50,000) omitted/not implied If net cash savings only shown as total award marks and apply penalty</p>	<p>2 1 each (max 4) 2</p>	-2P
<p>(b) and (c) may be consequential upon candidates' answers to (a) Allow for rounding errors in (b) and (c)</p>		
<p>(b) (i) Payback period not 4 years or cons Days not 83 or cons</p>	<p>2 2</p>	
<p>(ii) Average profit not £134,807 or cons ARR not 28% or cons</p>	<p>2 2</p>	
<p>(iii) NPV for Years 1-6 not correct or cons Initial investment not £480,000 Total NPV not correct or cons If no savings in (a) accept new costs but apply penalty</p>	<p>1 each 2 2</p>	-2P
<p>(c) Incorrect formula Correct formula used, but errors in calculation or not cons Starting percentage not 12% Final percentage not 3% Any error in fraction</p>	<p>6 4 1 1 4</p>	
Part B – Mitchell Plc		
<p>(a) Sales in units each month not as per solution</p> <p>Sales values will be cons upon unit sales No breakdown of cash and credit values - ignore Total sales values not correct or cons January, February and March – cash or credit sales wrong/omitted</p>	<p>1</p> <p>1 each</p>	-1P
<p>(b) Consequential upon units in sales budget Production figures wrong/not cons Total production wrong/not cons/omitted Alternative solution – any stock figure wrong/omitted/ wrong effect</p>	<p>1 each 1 each</p>	1
<p>(c) Consequential upon production budget Materials kg wrong/not cons/omitted Total cost wrong/not cons/ omitted April production wrong/omitted/implied</p>	<p>1 each 1 1</p>	

	Award marks lost	Penalties applied
QUESTION 7 – Propertyguard Ltd		
Part A		
(a) (i) Normal loss wrong/omitted	1	
Finished goods wrong/omitted	1 once	
Work in progress: Materials wrong/omitted	1	
Labour and Overheads wrong/omitted	2 each	
Total of equivalent units produced omitted		1 mark
(ii) Any one transferred in cost wrong/omitted	1 once	
Materials costs incurred during month wrong/omitted	2	
Labour and overhead costs incurred during month – either wrong/omitted	1 once	
Total cost for month not divided by equivalent unit from (a)(i) – may be cons	1	
Cost per EU omitted	1 each	-1 once
(b) and (c) may be consequential upon candidates' answers to part (a)		
(b) Any one input cost wrong/not cons/omitted	1 once	
Normal loss units wrong/not cons/omitted	1	
Finished goods units wrong/not cons/omitted	1	
Finished goods cost per kg wrong/not cons/omitted	1	
Value of work in progress wrong/not cons/omitted	2	
(c) Abnormal loss units not 1600	1	
Finished goods units wrong/not cons on (b)/omitted		-1P
Finished goods/Abnormal loss cost per kg either one wrong/not cons/omitted	2	
Any other output quantity or cost wrong/not cons/omitted		-1P once

	Award marks lost	Penalties applied
QUESTION 7 (continued)		
Part B – RG Manufacturing		
(a) (i) Product S and T – either cost per unit wrong Product S and T – profit wrong/not cons/omitted	2 1 each	
(ii) Apportioned costs wrong Products S and T cost per unit wrong/not cons/omitted Products S and T profit per unit wrong/not cons/omitted	1 each 1 each 1 each	
(b) Apportioned costs wrong Products S and T cost per unit wrong/not cons/omitted Products S and T profit per unit wrong/not cons/omitted	1 each 1 each 1 each	

	Award marks lost	Penalties applied
QUESTION 8 – McLaughlin and Winchester		
<p>(a) & (b) Sales figures carry marks of £190,000 – 3 marks; £165,000 – 2 marks; £209,800 – 3 marks. See working for breakdown.</p> <p>Sales in cartons or units wrong Cartons at £175 wrong/not cons on sales in cartons Cartons at £150 wrong/not cons on sales in cartons</p> <p>All 3 sales figures are required in each Profit Statement for 1 mark in Marginal and 1 mark in Absorption Any one wrong/not cons</p>	<p>1 each 1 each 1 each (2 max)</p> <p>1 each statement</p>	
<p>(a) Marginal Costing Opening stocks any one figure wrong Variable costs wrong Closing stocks wrong Contribution omitted/not labelled Fixed costs wrong or not deducted from contribution Profit omitted</p>	<p>1 once 1 each 1 each 2 1 each</p>	-1P
<p>(b) Absorption Costing Opening stocks wrong Variable costs wrong/not cons on (a) Fixed overhead absorbed wrong (but accept if actual used) Closing stocks wrong Over/under absorbed fixed cost wrong/omitted/ Over/under absorbed wrong effect Profit omitted Answer not shown in profit statement layout</p>	<p>1 each 1 each 1 each 1 each 2 each 1 each</p>	-1P -4P each statement

	Award marks lost	Penalties applied
<p>QUESTION 9</p> <p>Award 2 marks as per suggested answers and for additional relevant points where appropriate</p> <p>In part (a) award 1 mark each for examples to a maximum of 2 marks</p>		

<p>QUESTION 10</p> <p>(a), (c), and (d) Award 2 marks as per suggested answers and for additional relevant points where appropriate</p> <p>(b) Mark as per solution, but accept abbreviated formulae eg: (ASP-BSP)xAQ for the Sales price variance</p>		
---	--	--

[END OF MARKING INSTRUCTIONS]