



**2012 Accounting**

**Higher – Special Instructions**

**Finalised Marking Instructions**

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## 2012 ACCOUNTING

### MARKING CONVENTIONS

CONVENTION	EXPLANATION	MARK(S) ON CANDIDATE PAPER
Extraneous	Item entered which should not be in the answer or section – for example Fixed Assets entered in the Profit and Loss Account or Income and Expenditure Account	-2E
Consequential	If a figure in the question is wrong, any further calculations are awarded marks if correct, as a consequence of using that figure	C
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 Debtors in Current Assets Mark awarded 1 (+-)  £60,000 Debtors repeated under Current Liabilities 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 statement	-1P
Arithmetical error	Error made in addition/subtraction etc	-1A
General	The answers given are more than required (4 given instead of 3) and one of them is wrong	-1P

## General

- 1 Assess pencil figures and working. If the script is predominantly in pencil, mark and DO NOT refer to the Principal Assessor unless a whole centre completes the exam in pencil.
- 2 Work which has been deleted gains no marks even if it is correct. However if question is not redone, or no alternative question attempted, mark deleted work.
- 3 Consequential errors MUST NOT be penalised, subject to the marking instructions for each question.
- 4 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.
- 5 Incorrect figures, supported by adequate workings – award marks for any correct operations performed.
- 6 Incorrect figures, not supported by adequate workings – lose awards, unless the marking instructions specify otherwise. If arithmetic error – lose 1 mark.
- 7 **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  $\textcircled{-1P}$   $\textcircled{-2E}$   $\textcircled{-1 +/-}$

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

- 8 If right and wrong – give value of award where right, deduct value of award where wrong (cross reference +/- against relevant figures).
- 9 Indicate awards given for each item, eg £1,500      1
- 10 In essay type questions indicate marks awarded beside the point made by candidate – NOT IN THE MARGIN.
- 11 Sub-totals for sections should be indicated and encircled, eg  $\textcircled{4/6}$
- 12 Final total should be clearly indicated and easy to check, eg Q1 = 45/50.
- 13 If 2 choice questions are attempted – mark both, even if one is scored out, and accept the question with the higher mark.

**Question 1 – 50 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p>(i) <b>PROFIT AND LOSS ACCOUNT — 24 MARKS</b></p> <p>If Profit and Loss Account heading wrong/omitted – APPLY PENALTY</p> <p>EXTRANEOUS – ANY BALANCE SHEET ITEMS</p> <p><b>BUT</b> – Trial Balance figures for Provision for Bad Debts and Depreciation are not extraneous – lose award for change in Bad Debts Provision or Annual Depreciation charge as appropriate.</p> <p>All figures are right/wrong</p> <p>Accept Office expenses and Office Salaries due as 62 for 2 marks</p> <p>Net Profit label wrong/omitted</p> <p>Corporation Tax is consequential on candidate’s Net Profit – accept tax figure rounded up or down</p> <p><b>APPROPRIATION ACCOUNT</b></p> <p>All figures are right/wrong/consequential</p> <p><u>Preference Dividend</u></p> <p>Interim Dividend 8 and Final Dividend of 8 gains 3 marks</p> <p>Interim Dividend 8 and Final Dividend of 16 gains 1 mark</p> <p>If Preference Dividend is given as 16 on its own award 3 marks</p> <p>If Preference Dividend is given only as 8 without the word “Final” or “Interim” check Current Liabilities – if not in Current Liabilities then treat as Interim and award 1 mark but if in Current Liabilities treat as Final and award 2 marks.</p> <p>Unappropriated (Profit and Loss/Retained) Profit label wrong/omitted/Balance c/f</p>	<p>1 or 2</p> <p>1 or 2</p>	<p>-1P</p> <p>-2E each (Max -6)</p> <p>-1P</p> <p>-1P</p>

**Question 1 (continued)**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p>(ii) <b>BALANCE SHEET — 26 MARKS</b></p> <p>Extraneous – any profit and loss items – <b>apply penalty</b></p> <p>If main heading wrong/omitted e.g. “for year ending” – <b>apply penalty</b></p> <p><b>FIXED ASSETS</b></p> <p>If no depreciation charged in the Profit and Loss Account <b>DO NOT ACCEPT</b> Trial Balance figures for Fixtures and Equipment or Vehicles</p> <p>If Goodwill not written off in the Appropriation section but then appears in the Balance Sheet - <b>IGNORE</b></p> <p>If Goodwill appears in both the Appropriation section and the Balance Sheet then +/-</p> <p><b>CURRENT ASSETS</b></p> <p>All figures are right/wrong but – Dividends Due on Investments will be consequential on Profit and Loss figure</p> <p><b>CURRENT LIABILITIES</b></p> <p>All figures are right/wrong but – Debenture Interest, Corporation Tax and Final Proposed Dividends will be consequential on Profit and Loss figures</p> <p><b>FINANCED BY</b></p> <p>Must start with Share Capital – if in mixed order e.g. Reserve-Capital-Reserve</p> <p>Share Capital – <b>either</b> value of each share or the number of shares must be given</p> <p>Share Premium, accept 50 or 45 for 1 mark, otherwise</p> <p><b>BUT</b> if Bonus Shares have been entered in issued as 50 <b>and</b> 50 deducted from Share Premium then treat as consequential</p> <p>Revaluation Reserve (or other label in reserve section for revaluation) is consequential on Fixed Asset figure -</p> <p>Debentures must be the last item if not – lose award – <b>BUT ACCEPT</b> Debentures deducted from Net Assets</p>	<p>-1 each</p> <p>1 or 2</p> <p>1</p> <p>2</p> <p>1</p> <p>1</p>	<p>-2 each (Max -6)</p> <p>-1P</p> <p>-1P (once)</p>

**Question 2 – 40 Marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p>(a) <b>CALCULATION OF ACCUMULATED FUND – 5 MARKS</b></p> <p>If any item wrong or omitted – lose award, however, accept depreciation as a liability giving a net value for Lighting Equipment of 8</p> <p><b>NB:</b> Premises, Stock and Bank must all be shown and treated correctly to gain one mark</p>	<p>1</p> <p>1</p>	
<p>(b) <b>REFRESHMENTS TRADING ACCOUNT– 5 MARKS</b></p> <p>Mark as per solution – if item wrong/omitted/not consequential /wrong effect – lose award</p> <p><b>EXTRANEOUS – ANY BALANCE SHEET ITEM</b></p> <p>But if any Income and Expenditure items shown – lose Income and Expenditure award as appropriate (+/-)</p> <p>Final profit/loss label must be shown</p>	<p>1 or 2</p> <p>1,2,3 or 4</p>	<p>-2E (Max -2)</p> <p>-1P</p>
<p>(c) <b>INCOME AND EXPENDITURE ACCOUNT – 22 MARKS</b></p> <p>Heading wrong/omitted</p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award/s</p> <p><b>EXTRANEOUS – ANY BALANCE SHEET ITEM (Sale of Equipment <b>NOT</b> extraneous but purchase of equipment is extraneous)</b></p> <p>But if any Refreshment item shown – lose Trading Account award as appropriate (+/-)</p> <p>If trading account not done ignore refreshment items</p> <p>Subscriptions: if any adjustments for arrears/prepayments wrongly treated/omitted or shown detached – lose award</p> <p><b>CHECK ANY “WRONG” SUBSCRIPTION FIGURE GIVEN FOR ANY CORRECT ADJUSTMENT AND AWARD MARKS APPROPRIATELY</b></p> <p>If no workings shown and Subs figure incorrect However, subs of 12 with no workings</p> <p>If all Raffle and Fundraising items shown in both Income and Expenditure – award income mark only</p>	<p>1, 2, 3 or 4</p> <p>1 or 2</p> <p>1 each</p> <p>3 4</p> <p>1</p>	<p>-1P</p> <p>-2E (Max -6)</p>

**Question 2 (continued)**

		<b>Award Marks Lost</b>	<b>Penalties</b>
	Figures for Advertising, Insurance and Depreciation on Sound and Lighting are right/wrong	2 each	
	Loss on Sale of Sound and Lighting Equipment – mark as per solution	1 or 2	
	If Surplus/Deficit label omitted/wrong – apply penalty		-1P
(d)	<b>CALCULATION OF AMENDED SURPLUS/DEFICIT – 4 MARKS</b>		
	Any item wrong/omitted/wrong effect	1 each	
	If amended consequential surplus not calculated		-1P
(e)	<b>CALCULATION OF CLOSING BANK BALANCE – 4 MARKS</b>		
	Any item wrong/omitted/wrong effect	1 each	
	If items 2 and 3 are included apply a penalty		-2P once
	Extraneous eg surplus/accumulated fund		-2P once

**Question 3 – 40 Marks**

		<b>Award Marks Lost</b>	<b>Penalties</b>
(a) (i)	<b>PROFIT AND LOSS APPROPRIATION ACCOUNT – 9 MARKS</b>  If heading wrong/omitted apply a penalty  If Net Profit omitted/wrong apply a penalty  Mark as per solution – if any item wrong/omitted/wrong effect – lose appropriate award/s  Extraneous eg interest on loan, capital (once)	1 or 2	-1P  -1P   -2E Max -4
(ii)	<b>ANNE’S CURRENT ACCOUNT – 8 MARKS</b>  Mark as per solution – if any item wrong/omitted/not consequential/wrong effect – lose appropriate award/s  <b>COMPLETE REVERSAL</b> - award half marks <b>NB must be <u>complete</u> reversal</b> (Excluding Opening Balance)  Extraneous  If not an account	1 or 2   4	    -2E Max -4  -2P
(b) (i)	<b>NEW PROFIT SHARING RATIOS – 2 MARKS</b>  Mark as per solution	1 each	
(ii)	<b>NEW OPENING CAPITAL ACCOUNT BALANCES – 9 MARKS</b>  Mark as per solution – if any item wrong/omitted/not consequential/wrong effect – lose appropriate award/s If all capital balances not shown correctly But accept Sylvia’s opening capital as £30,000 if subsequently adjusted correctly later in the statement  Extraneous	1 or 2 each 2	     -2 once
(c) (i)	<b>NET BOOK VALUE OF FITTINGS – 4 MARKS</b>  Mark as per solution – if any item wrong/omitted/not consequential/wrong effect – lose appropriate award	1 each	
(ii)	<b>CALCULATION OF PROFIT/LOSS ON SALE OF DELIVERY VAN – 6 MARKS</b>  Mark as per solution – if any item wrong/omitted/not consequential/wrong effect – lose appropriate award  Final answer must be labelled to gain full award	1 or 2 each	   -1P



**Question 3 (continued)**

		<b>Award Marks Lost</b>	<b>Penalties</b>
(iii)	<b>TOTAL DEPRECIATION CHARGED TO P &amp; L A/C YEAR 4 – 2 MARKS</b>  Mark as per solution – if any item wrong/omitted/not consequential/wrong effect – lose appropriate award	1 each	

**Question 4 – 10 Marks**

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

**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>
<p><b>PART A</b></p> <p><b>Production Budget – 5 Marks</b></p> <p>Mark as per solution</p> <p>Any wrong sales figure – apply penalty</p> <p>Any wrong opening/closing stock figure – lose award</p> <p>If opening/closing stock wrongly treated – lose line award</p> <p>Production figures will be consequential on candidate's Sales and Stock figures</p> <p>Production figures not shown</p>		
		-1P once
	1 each max 2 or 3	
	2 or 3	
		-1P once
<p><b>PART B</b></p> <p><b>Brewing Process and Abnormal Loss Accounts — 16 marks</b></p> <p>Brewing Process A/c – mark as per solution</p> <p>If any input figure wrong/omitted – lose award</p> <p>Accept Fixed Overheads of £11,000 (1)</p> <p>If any output figure wrong/omitted/not consequential – lose award</p> <p><b>But</b> if opening WIP omitted Normal loss of 500 units loses award and give value £100 (1)</p> <p>Abnormal loss quantity will be consequential on candidate's Normal loss quantity</p> <p>Unit cost of transfer to Bottling and Abnormal loss must be the same (£3.20 or consequential) for the award – if not lose award</p> <p>Complete reversal – mark and apply penalty</p> <p>Abnormal Loss A/c – mark as per solution</p> <p>EXTRANEIOUS eg. Normal loss</p> <p>Any figure wrong/omitted/non-consequential – lose award</p>		
	1 each	
	1 or 4 each	
	1	
	4	
		-2P once
		-2E once
	1 each	

**Question 6 (continued)**

		<b>Award Marks Lost</b>	<b>Penalties</b>
	<b>PART C</b>		
(a)	<p><b>OPERATING COST STATEMENT — 23 MARKS</b></p> <p>Mark as per solution</p> <p>Any figure wrong/omitted/non-consequential – lose appropriate award <b>BUT</b> check candidate’s working to see if any marks can be awarded</p> <p><b>NB</b> A candidate may do a weekly cost statement and then multiply the total weekly amount by 4 – accept for full award</p> <p style="padding-left: 40px;">Servers wages may be £1,536 (£960 +£576) Likewise, Depreciation may be given as a total</p> <p>If no attempt at a statement</p>		-6 P
(b)	<p><b>Average cost per Meal — 3 Marks</b></p> <p>Mark as per solution</p> <p>Running cost not £11,200 or consequential</p> <p>No of meals not 1600</p>	1 2	
(c)	<p><b>Average Selling Price per meal — 3 marks</b></p> <p>Mark as per solution</p> <p>Any figure wrong/non-consequential – lose award</p> <p>If no selling price calculated</p>	3	-1P

**Question 7 – 40 marks**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p><b>NB. WATCH FOR CONSEQUENTIALITY THROUGHOUT THIS QUESTION</b></p> <p>(a) <b>Profit Statement Year 8 — 12 marks</b></p> <p>Any wrong selling price – lose line award</p> <p>Any wrong variable cost – lose award</p> <p>The contribution p.u will be consequential on the candidate's selling price and variable cost</p> <p>Any wrong contribution p.u. – treat as arithmetic error</p> <p><u>Fixed Costs Recovery Rate:</u></p> <p>If total labour hours not 48,000 – lose award</p> <p>If fixed costs not £96,000 – lose award</p> <p>The recovery rate will be consequential on the candidate's figures for the above</p> <p>Any wrong/non-consequential product fixed cost – lose award</p> <p><b>NB</b> Product profit p.u. must be shown to get the fixed cost award, if missing/wrong/non-consequential - lose fixed cost award</p> <p>Any wrong units sold – apply penalty</p> <p>If total profit not £148,000 or consequential – lose award</p> <p>Individual product profits shown but not totalled – award (3 -1P)</p>	<p>1</p> <p>1 each</p> <p></p> <p></p> <p>1</p> <p>1</p> <p></p> <p>1 each</p> <p>1 each</p> <p></p> <p></p> <p>1</p>	<p></p> <p></p> <p>-1 each</p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p>-1 once</p> <p></p>

**Question 7 (continued)**

		<b>Award Marks Lost</b>	<b>Penalties</b>
(b)	<b>Revised Profit Statement Year 8 — 8 marks</b>		
	<u>Revised FC Recovery Rate:</u>		
	If total labour hours not 36,000 or consequential – lose award	2	
	If fixed costs not £90,000 or consequential – lose award	2	
	Any wrong contribution p.u. – lose line award	1	
	Any wrong/non-consequential new product fixed cost – lose line award	1	
	The revised product profit p.u./units sold/total profit carry no marks. If wrong/non-consequential – apply penalty		1 each
	If total profit not £94,000 or consequential – apply		-1
	Advice is based on candidate's profit figures in (a) and (b) If wrong/non-consequential – lose award	1	
(c)	<b>Identification of Product to be Increased = 6 marks</b>		
	Any wrong/non-consequential contribution p.u. – lose line award	1	
	Any wrong/non-consequential labour hour or contribution per hour – lose award	1 each	
	If product to be increased not B or consequential – lose award	1	
	If no. of units not 1,000 or consequential – lose award	1	
	If candidate answer is B 1,000 units with no working (unless implied in (e))	4	
	If candidate selects B by profit per unit	4	
(d)	<b>Estimated profit Year 9 — 2 marks</b>		
	If increase in profit not £13,000 or consequential – lose award	1	
	If estimated profit not £161,000 or consequential – lose award	1	

**Question 7 (continued)**

	<b>Award Marks Lost</b>	<b>Penalties</b>
<p>(e) <b>Effect of Increasing Production of C — 6 marks</b></p> <p>If no. of hours for C not 6,000 or consequential – lose award</p> <p>If contribution per hour not £4 or consequential – lose award</p> <p>If 6,000 hours of A wrong/non-consequential – lose award</p> <p>If contribution per hour not £5 or consequential – lose award</p> <p>If net effect not £6,000 loss or consequential – lose award Must indicate loss or implied in final answer</p> <p>If effect on profit not £155,000 or consequential or missing – lose award</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	
<p>(f) <b>Special Order = 6 marks</b></p> <p>Mark as per solution. Any figure wrong/non-consequential/or missing — lose appropriate award</p>	<p>1 each</p>	

**Question 8 – 40 marks**

		<b>Award Marks Lost</b>	<b>Penalties</b>
	<b>PART A – BREAK EVEN ANALYSIS — 20 marks</b>		
(a)	Any figure wrong/omitted – lose award	1 each	
(b)	<b>NB</b> Candidates' figures in (iii), (iv), (v), (vi), are consequential on their answers in (i) and (ii)  Any figure wrong/omitted/non-consequential/wrong effect – lose appropriate award		
(iv)	If wrong formula used in P/V ratio (iv) – lose award % sign missing (ACCEPT 2/3)	2 1	
(v)	Margin of Safety sales units in (v) is consequential on candidate's Break even in (a)  Margin of Safety sales revenue in (v) is consequential on candidate's MOS units	1 or 2	
(vi)	Profit with label missing		-1P
(vii)	If profit before tax in (vii) not £15,000 – lose award	3	
	<b>PART B – OVERHEAD ANALYSIS — 20 marks</b>		
(a)	If basis not indicated – ignore and no penalty  If wrong basis used – lose line award  Any figure wrong/omitted – lose line award <b>NB</b> Indirect Labour may be given twice: the allotted figures and the total of £8,000 apportioned	1 each  1 each 1	
	Extraneous items e.g. direct materials/machine value		-2P (max 4)
	If Dept. sub-totals/final totals wrong/missing – apply penalty		-1P once
(b)	Any figure wrong/omitted/non-consequential – lose award  If wrong basis used	1 each 2	
(c)	If wrong basis used – lose award  Watch for consequentiality on candidate's answer in (b)  ACCEPT final rates rounded up or down as consequential on candidate's answer in (c)  If % and/or £ signs not given – apply penalty	2 each	-1P each



**Question 8 (continued)**

		<b>Award Marks Lost</b>	<b>Penalties</b>
(d)	If Overheads Recovered figure wrong/omitted/non-consequential/wrong - lose award	2 each	
	If actual overheads wrong/omitted- lose line award	1	
	If Dept. Overhead Totals used instead of actual overheads – lose line award and over/under absorbed figures	3	
	If over/under absorbed label wrong/missing/not implied eg +£1,600 or (-£1,250) – lose award	1 each	

**Question 9 – 10 Marks**

		<b>Award Marks Lost</b>	<b>Penalties</b>
	Mark as per solution		
	Award marks for valid points not in solution		
(a)	Accept FIFO, LIFO, AVCO		
(b)	Accept any 3 from 4 methods Accept advantages and disadvantages of an employer and employee		

**Question 10 – 10 Marks**

		<b>Award Marks Lost</b>	<b>Penalties</b>
	Mark as per solution		
	Award marks for valid points not in solution		
(a)	Must include estimate in cash budget not actual		
(b)	Must have formulae mentioned in accuracy and ripple effect		

[END OF MARKING INSTRUCTIONS]