



National
Qualifications
2014

2014 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) Consequentiality subsequent to a calculative error must be followed through, with credit being given for any errors in subsequent calculations or working.
- (d) 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.
- (e) For questions that ask candidates to 'Describe...', candidates must make a number of accurate relevant factual points of knowledge, up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order.


Question	Expected Answer(s)	Max Mark	Additional Guidance
1.	<p>+/- Rule - for Q1. (a) (i) and (ii)</p> <p>For a mark to be awarded for correct entry of Trial Balance items, they must appear <u>only once</u>. It is therefore advisable to check both accounts before awarding marks.</p> <p>The Trial Balance figures for Provision for Depreciation (£5,200) and Fixed Asset Costs (£16,600 and £2,000) should not be treated as +/- or extraneous in the <u>Expenses</u> section of the P&L Account unless (in the case of extraneous) there are no fixed assets in the Balance Sheet. If new <u>and</u> existing Depreciation for Van appear in the Expenses section of the P&L, do not award mark for new Depreciation. If Depreciation figures appear outside the Expenses section of the P&L or appear in a third place, normal +/- and extraneous rules apply.</p>		

Question			Expected Answer(s)	Max Mark	Additional Guidance																																																																	
1.	(a)	(i)	<p>David King, Profit & Loss A/C for Year Ended 30 April Year 5</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 10%; text-align: right;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>GROSS PROFIT</td> <td></td> <td></td> <td style="text-align: right;">30,800</td> <td style="text-align: right;">1</td> </tr> <tr> <td>ADD OTHER INCOME</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Discount Received</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">760</td> <td style="text-align: right;">1</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">31,560</td> <td></td> </tr> <tr> <td>LESS EXPENSES</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wages (3,900+100)</td> <td></td> <td style="text-align: right;">4,000</td> <td></td> <td style="text-align: right;">2</td> </tr> <tr> <td>Carriage Out</td> <td></td> <td style="text-align: right;">120</td> <td></td> <td style="text-align: right;">1</td> </tr> <tr> <td>Bad Debts</td> <td></td> <td style="text-align: right;">240</td> <td></td> <td style="text-align: right;">1</td> </tr> <tr> <td>Advertising (900-130)</td> <td></td> <td style="text-align: right;">770</td> <td></td> <td style="text-align: right;">2</td> </tr> <tr> <td>Depreciation: Van</td> <td></td> <td style="text-align: right;">1,660</td> <td></td> <td style="text-align: right;">1</td> </tr> <tr> <td>Computer</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">100</td> <td style="text-align: right; border-top: 1px solid black;">6,890</td> <td style="text-align: right; border-top: 1px solid black;">1</td> </tr> <tr> <td>NET PROFIT</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">24,670</td> <td></td> </tr> </tbody> </table>		£	£	£		GROSS PROFIT			30,800	1	ADD OTHER INCOME					Discount Received			760	1				31,560		LESS EXPENSES					Wages (3,900+100)		4,000		2	Carriage Out		120		1	Bad Debts		240		1	Advertising (900-130)		770		2	Depreciation: Van		1,660		1	Computer		100	6,890	1	NET PROFIT			24,670		10	<p>To gain an award, figures must have nomenclature</p> <p>If Trading A/C done - ignore</p> <p>Gross Profit must be shown to gain award. Do not award a consequential mark if subtotal of 31,560 shown without GP</p> <p>For Discount Received to gain award, must be correct effect</p> <p>Accept adjustments detached if <u>directly</u> below. If not directly below - do not award</p> <p>Wages 3,900 = 1 mark, 3,800 = 1 mark 100 = 1 mark</p> <p>Advertising 900 = 1 mark, 1,030 = 1 mark 130 = 1 mark</p> <p>If Wages of 4,000 & Advertising of 770 appear in both accounts (+/-), then award 1 each in P&L for adjustments. No award will be given for adjustments in B/S</p>
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Question			Expected Answer(s)				Max Mark	Additional Guidance	
1.	(a)	(ii)	DAVID KING BALANCE SHEET AS AT 30 April Year 5				12	Van Dep - if only this year's Dep used or only existing provision used, award 1 mark. Van Dep needs whole line for full award. Only NBV shown - max 1. Computer Dep - need whole line for award. Watch for Debtors figure of £21,760. This would get 1 mark. If Bad Debts appears elsewhere then +/- . If not then extraneous. Financed By can be in any order. Has to be correct treatment to get awards <u>Layout Mark</u> For this mark to be awarded candidates need: <ul style="list-style-type: none"> • Correct Account Names (must have date and year, no need for Dave King) Accept TPL heading <ul style="list-style-type: none"> • The following headings: <ul style="list-style-type: none"> - Net Profit - Fixed Assets - Current Assets - Current Liabilities - Financed By (or some other relevant heading) • An acceptable layout e.g. Lose award for: <ul style="list-style-type: none"> C. Liabs before C. Assets Working Capital label (though not required) labelled as Net Profit, etc. UPJ	
			£	£	£				
			COST	DEP	NBV				
			Van	16,600	6,860	9,740			2
			Computer	2,000	100	1,900			1
				<u>18,600</u>	<u>6,960</u>	11,640			
			CURRENT ASSETS						
			Stock	600					1
			Debtors	22,000					1
			Prepaid Expenses	130	22,730				1
			LESS CURRENT LIABILITIES						
			Creditors	1,740					1
			Bank Overdraft	240			1		
			Accrued Expenses	100	2,080		1		
			WORKING CAPITAL						
						20,650			
						<u>32,290</u>			
			FINANCED BY						
			Capital at beg	10,620			1		
			ADD Net Profit	24,670	35,290		1		
			LESS Drawings		3,000		1		
						<u>32,290</u>			
			IN ADDITION:						
			Layout/Heading/Account Names					1	
			No extraneous items in P&L and Balance Sheet (watch for +/-)					1	
			All arithmetic correct					1	
							3		

Question			Expected Answer(s)	Max Mark	Additional Guidance
1.	(b)	(i)	Depreciation is the fall/loss in value of fixed assets	1	Both parts in bold required for one mark
		(ii)	Causes of Depreciation include: Wear and tear (Use/Usage) Damage New models Obsolete Age/Time Changes in fashion/trends	2	Any 2 for one mark each
	(c)	(i)	If Carriage In is added into the final accounts it would: In the Trading, Profit & Loss A/c: Increase Purchases Increase Cost of Sales Decrease Gross Profit Decrease Net Profit Decrease Profit(s)	1	Any one for one mark Need effect. If candidate says “appear” - no award
		(ii)	In the Balance Sheet: Increase Accrued Expenses Increase Current Liabilities Decrease Working Capital Decrease the Balance Sheet total	1	Any one for one mark Need effect. If candidate says “appear” - no award Answer can be consequential on 1 (c) (i), providing it is clear the candidate has shown the correct consequential effect.
				30	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2.					<p>Watch consequentiality throughout question</p> <p>Throughout the question ignore labels if missing or incorrect.</p> <p>Questions 2 (a)-(e) are all or nothing awards. If the wrong formula has been used then the answer is WRONG. The only exception would be if the correct formula and correct figures were used and an arithmetic error occurred. In this case award 1 mark.</p>
2.	(a)	(i)	$\text{£}28,000 / 1,000 = \text{£}28$ (2)	2	<p>All or nothing</p> <p>Award 1 mark if arithmetic error</p> <p>Accept at any level of output</p>
		(ii)	$\text{£}20,000 / 1,000 = \text{£}20$ (2)	2	<p>All or nothing</p> <p>Award 1 mark if arithmetic error</p> <p>Accept at any level of output</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
2.	(a)	(iii)	$£28 - £20 = £8$ (2)	2	All or nothing Award 1 mark if arithmetic error (watch consequentiality)
		(iv)	$£40,000 - £20,000 = £20,000$ (2)	2	All or nothing Award 1 mark if arithmetic error Accept at any level of output
		(v)	$£20,000 / £8 = 2,500$ units (2)	2	All or nothing Award 1 mark if arithmetic error (watch consequentiality)
	(b)		$6,000 - 2,500 = 3,500$ units (2) $3,500 \times £28 = £98,000$  (1)	3	The first 2 marks are all or nothing. Award 1 mark if arithmetic error. Accept 3,500 units on its own for 2 marks

Question		Expected Answer(s)	Max Mark	Additional Guidance
2.	(c)	$8,000 - 2,500 = 5,500$ units (1) $5,500 \times \text{£}8 = \text{£}44,000$ (1) (1) OR $8,000 \times \text{£}8 = \text{£}64,000 - \text{£}20,000 = \text{£}44,000$ (1) (1) (1)	3	<p>To gain first mark - candidate must use 8,000 units and the break-even point correctly.</p> <p>Accept 5,500 units on its own for 2 marks</p> <p>If arithmetic error where 2 marks being awarded - award 1</p> <p>Max 2 marks if an answer is incorrect based on correct/consequential figures used.</p> <p>Candidates may use a different method to get the correct answer. If answer incorrect, UPJ to allocate marks.</p> <p>Assume profit, therefore candidates do not need to use the word profit in their answer. However if they consequentially calculate a loss, there must be some indication of a loss to gain the final mark.</p>
	(d)	$(\text{£}50,000 + \text{£}20,000) = \text{£}70,000 / \text{£}8 = 8,750$ units (1) (1) (1) OR $\text{£}50,000 / \text{£}8 = 6,250 + 2,500 = 8,750$ Units (1) (1) (1)	3	<p>Max 2 marks if answer incorrect based on figures used</p> <p>Candidates may use a different method to get the correct answer. If answer incorrect, UPJ to allocate marks.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance	
2.	(e)	<p>New FC = £20,000 x 20% = £4,000 (1) £20,000 + £4,000 = £24,000 (1)</p> <p>New Selling Price = £31 (1) New Variable Cost = £19 (1)</p> <p>New BEP = £24,000 / £12 = 2,000 units (1)</p> <p>Change in BEP = 2,500 - 2,000 = 500 units (1)</p>	6	<p>Watch consequentiality</p> <p>Accept £24,000 on its own for 2 marks</p> <p>Accept Contribution of £12 (or consequential figure) on its own for 2 marks</p> <p>No need to indicate the word increase/decrease in units</p> <p>Candidates may use a different method to get the correct answer. If answer incorrect, UPJ to allocate marks.</p>	
2.	(f)	(i)	<p>A production cost centre is an area of the business/department where goods are manufactured (1)</p> <p>Accept - centre where goods are produced Accept - produces a product Do not accept - centre where production takes place (production is in the stem of the question)</p>	1	<p>Accept any reasonable description of each term for one mark each.</p> <p>Examples can be used to aid description. Examples on own without description - 0 marks.</p> <p>Candidate must describe the cost centre rather than the cost itself.</p>
		(ii)	<p>A service cost centre provides a service to the production cost centres in order that products can be manufactured. (1)</p> <p>Provides a service - 0 marks Provides a service to other departments - 1 mark</p>	1	<p>If candidate flips answer (Production Centre is involved in manufacture of good, Service Centre is not involved in manufacture of good), do not award Service Centre mark unless the flip is backed up with an example.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(g)	(i)	<ul style="list-style-type: none"> Variable costs - materials; labour; variable overheads, power (do not accept electricity) 	1	Accept any appropriate example for one mark.
		(ii)	<ul style="list-style-type: none"> Limiting factors - machine hours; labour hours; materials (accept stock); space 	1	Accept any appropriate example for one mark. Do not accept Finance/Money etc
2.	(g)	(iii)	<ul style="list-style-type: none"> Electricity; insurance; cleaning; stationery; advertising; rent etc Accept salaries (or any other payment to non-production staff) Accept costs prefixed by Indirect eg Indirect wages Do not accept VAT/Tax 	1	Accept any appropriate example for each for one mark.
				30	

Section 2 Marking Instructions

Question	Expected Answer(s)	Max Mark	Additional Guidance																																				
3.	<table border="1"> <thead> <tr> <th>Qty</th> <th>Description</th> <th>Unit Price £</th> <th>Cost £</th> </tr> </thead> <tbody> <tr> <td>30</td> <td>(Large Dinner) Plates</td> <td>2.20</td> <td>66.00</td> </tr> <tr> <td>50</td> <td>(Tumbler) Glasses</td> <td>0.80</td> <td>40.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td>106.00</td> </tr> <tr> <td></td> <td>Less Trade Discount</td> <td></td> <td>21.20</td> </tr> <tr> <td></td> <td>Net Goods Value</td> <td></td> <td>84.80</td> </tr> <tr> <td></td> <td>Add VAT*</td> <td></td> <td>16.11</td> </tr> <tr> <td></td> <td>TOTAL</td> <td></td> <td>100.91</td> </tr> <tr> <td></td> <td colspan="3"> *£84.80 x 5% = £4.24 (1) £84.80 - £4.24 = £80.56(1) £80.56 x 20% = £16.11 (1) </td> </tr> </tbody> </table>	Qty	Description	Unit Price £	Cost £	30	(Large Dinner) Plates	2.20	66.00	50	(Tumbler) Glasses	0.80	40.00				106.00		Less Trade Discount		21.20		Net Goods Value		84.80		Add VAT*		16.11		TOTAL		100.91		*£84.80 x 5% = £4.24 (1) £84.80 - £4.24 = £80.56(1) £80.56 x 20% = £16.11 (1)				Accept penny rounding difference in calculations. If candidate does not have labels for Trade Discount or VAT - do not award final total mark. (No requirement for Net Goods Value label) If cash disc. shown on invoice do not award final total
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		1	Mark is for entire line being correct.																																				
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		1																																					
		2	£106 x 20% Award 1 mark if candidate correctly calculates TD at 10%. If Trade Discount is after VAT, max 1 for correct application of discount rate. Watch consequentiality.																																				
		1	If this figure arrived at without showing Trade Discount in the invoice (eg 80% of £106), award 1 mark to missing Trade Discount figure. Do not double penalise candidates by not awarding final total because there is no TD label. If Net Goods Value includes VAT - lose award																																				
		3	Award (1) mark if candidate ignores Cash Discount in VAT calculation. (eg does 20% of Net Goods Value) Award 0 marks if VAT wrong (or consequentially wrong) and figure cannot be easily ascertained as candidate has shown no working.																																				
		1																																					
		10																																					

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Question		Expected Answer(s)	Max Mark	Additional Guidance
5.	(a)	GP = 25% of £100,000 = £25,000	1	Correct answer with no working shown award full marks for all parts
	(ii)	Cost of Goods Sold = Sales - Gross Profit $(£100,000 - £25,000) = £75,000$ (2)	2	All or nothing Award 1 mark if arithmetic error (watch consequentiality)
	(iii)	Net Profit = 20% of £100,000 = £20,000	1	
	(iv)	Expenses = Gross Profit - Net Profit $(£25,000 - £20,000) = £5,000$ (2)	2	All or nothing Award 1 mark if arithmetic error Gross Profit and Net Profit figures may be consequential
	(v)	Capital Invested = Net Profit / 10% $\frac{(1)}{= £20,000} \div \frac{(2)}{0.1} = £200,000$ OR $= 20,000 \times \frac{(1)}{10} \frac{(1)}{(1)} = 200,000$	3	Net Profit figure may be consequential If candidates answer is 2,000 (20,000 x 10%) award 1 mark
	(b)	£100,000 + 15% = £115,000	1	
			10	

Question		Expected Answer(s)	Max Mark	Additional Guidance				
6.	(a)	Contribution A = £100,000 Contribution B = <u>£90,000</u> Total Cont = £190,000 (1) Fixed Costs = <u>£132,000</u> Total Profit = £58,000 (1)	2	Mark as per solution.				
	(b)	(i)	2	Mark as per solution. If 28,000 hours on own - award 2 marks				
		(ii)	1	Need both correct for mark.				
		Contribution per machine hour = CPU/machine hour per unit <table border="1" style="margin-left: 40px;"> <tr> <td style="padding: 2px;">A</td> <td style="padding: 2px;">B</td> </tr> <tr> <td style="padding: 2px;">£20/4 = £5</td> <td style="padding: 2px;">£18/3 = £6</td> </tr> </table>	A	B	£20/4 = £5	£18/3 = £6		
A	B							
£20/4 = £5	£18/3 = £6							
		(iii)	1	Consequential on candidate's answer from (b) (ii). If no attempt to outline reason - no award. If (b) (ii) is correct, candidate need only say "highest contribution" (per hour not needed). If (b) (ii) is incorrect, there must be an indication of "per hour" in candidate's reason.				

Question			Expected Answer(s)	Max Mark	Additional Guidance
6	(b)	(iv)	Hours Available 28,000 Units of B to be produced 5,000 (1) Hours per unit (B) x3 (1) Hours of B required <u>15,000</u> Hours of A available 13,000 (1) Hours per unit (A) ÷4 (1) Units of A 3,250	4	Watch for consequentiality. If candidate has used 35,000 hours but done full working, max 2. If candidate just states 5,000 units of either product without working - no award. If answer given in terms of hours and units not indicated - max 2 as question asks for units.
				10	

[END OF MARKING INSTRUCTIONS]