



Higher
coursework
assessment task



Higher Accounting Assignment Assessment task

Coursework Finalised Marking instructions

Marking instructions

In line with Qualifications Scotland's normal practice, the following marking instructions for the Higher Accounting assignment are addressed to the marker. They will also be helpful if you are preparing candidates for course assessment.

Candidates' evidence is submitted to Qualifications Scotland for external marking.

General marking principles

Always apply these general principles. Use them in conjunction with the specific marking instructions, which identify the key features required in candidates' responses.

- a Always use positive marking. This means candidates accumulate marks for the demonstration of relevant skills, knowledge and understanding; marks are not deducted for errors or omissions.
- b If a candidate response does not seem to be covered by either the principles or specific marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- c Candidates gain marks for showing workings and demonstrating that they have followed accounting processes, even when they present incorrect figures.
- d **Treatment of errors**
The specific marking instructions provide guidance on the treatment of errors such as extraneous items, arithmetical errors and consequential errors.
- e **Layouts**
The specific marking instructions provide layouts for illustrative purposes only. Do not penalise candidates for using appropriate alternative layouts.
- f **Consequential errors**
You must take into account consequential errors. Candidates must receive marks for following the correct accounting processes and using the correct spreadsheet formulae.
- g **+/- rule**
You should check both statements before awarding marks for correct entry of Trial Balance items, as they can only appear once.
- h **Formulae**
Candidates may use a variety of different formulae to solve problems and provide the information needed in the spreadsheet. Award marks where a formula provides the correct answer. The formula in the specific marking instructions is not the only way to achieve the correct answer.
- i **Printouts**
Each task clearly provides printing requirements. Where a printout for a task is missing, award marks for the correct information on any available alternative printout.

Task 1 (a)										Marks	Max Marks	Additional Guidance					
											20						
(a)	Factory wide overhead absorption rate		Total Overheads		£217,200	£8.00	per direct labour hour			1	1	Accept 8					
			Total Direct Labour Hours		27,150												
Task 1 (b)										Marks	Max Marks	Additional Guidance					
(b) (i)	Overhead Analysis Statement/Sheet		✓								10						
		Basis	Total	Rate	Cutting	Machining	Packaging	Maintenance	Canteen								
	Indirect Labour	Allocated	69,200	-	13,300	15,650	19,075	13,055	8,120	✓		Award 1 mark for heading, Indirect Labour and Indirect Materials					
	Indirect Materials	Allocated	9,000	-	4,000	2,000	3,000	-	-	1							
	Machine Insurance	Machine cost	6,000	£0.10	3,000	2,500	500	-	-	1		If Direct Materials are included, DNA first available mark					
	Property Insurance	Area	16,000	£0.50	7,500	6,000	1,500	250	750	✓		If Total column omitted, DNA first available mark					
	Heat and Light	Area	32,000	£1.00	15,000	12,000	3,000	500	1,500	✓							
	Rent	Area	48,000	£1.50	22,500	18,000	4,500	750	2,250	2		Award 2 marks for all 3 rows correct, 1 mark for 2 rows correct					
	Power	Kw Hrs	6,000	£0.30	3,000	2,400	600	-	-	1							
	Machine Depreciation	Machine cost	6,000	£0.10	3,000	2,500	500	-	-	1							
	Supervision	No of Employees	25,000	£62.50	12,500	6,250	3,125	625	2,500	1							
	Total Department Overheads		217,200		83,800	67,300	35,800	15,180	15,120								
(b) (ii)	Re-apportionment of Canteen	No of Employees	15,120	£42.00	8,400	4,200	2,100	420		1							
					92,200	71,500	37,900	15,600									
(b) (iii)	Re-apportionment of Maintenance	Machinery cost	15,600	£0.26	7,800	6,500	1,300			1							
	Total Production Department Overheads				100,000	78,000	39,200			1							

Task 1	Overhead Absorption Rates										Marks	Max Marks								
(c)												3								
	Cutting	Total Overheads	x 100	£100,000	x 100	250%	of direct materials cost				1		If % or £ not shown, do not award 1st mark							
		Direct Materials		40,000																
	Machining	Total Overheads	£78,000			£26.00	per direct machine hour				1									
		Direct Machine Hours	3,000																	
	Packaging	Total Overheads	£39,200			£5.60	per direct labour hour				1									
		Direct Labour Hours	7,000																	
Task 1										Marks	Max Marks	Additional Guidance								
(d)											6									
		Cutting		Machining		Packaging														
	Actual Direct Materials	£41,200	Actual Direct Machine Hours	2,890	Actual Direct Labour Hours	6,840														
	x Overhead Absorption Rate	250%		£26.00		£5.60														
	Overheads Charged	£103,000	1	£75,140	1	£38,304	1		If overheads charged figure is not based on overhead absorption rates calculated in 1 (c), DNA marks											
	Less Actual Overheads (given)	£102,000		£77,500		£38,100			If actual overheads are compared to overhead analysis statement production department totals, DNA											
	Overheads Over/Under Absorbed	£1,000	✓	-£2,360	✓	£204	✓		over/under absorbed marks											
		Over	1	Under	1	Over	1		1 mark for each, including over/under											

Task 2 (a)									Marks	Max Marks	Additional Guidance					
Production Budget (for January to June)	✓								4							
	January	February	March	April	May		June									
Sales units	3,000	6,000	4,000	4,500	4,200		5,000	1			1 mark for heading, Opening and Closing Inventory labels and Sales row					
Opening Inventory ✓	600	✓ 1,200	800	900	840		1,000				* 1 mark for all highlighted figures					
	2,400	4,800	3,200	3,600	3,360		4,000									
Closing Inventory ✓	1,200	800	900	840	1,000	1*	1,100	1			1 mark for correct January Opening and June Closing Inventory					
Production units	3,600	5,600	4,100	4,440	4,360		5,100	1			1 mark for deducting Opening Inventory and adding Closing Inventory					
											If no Production Budget is prepared but production units are correctly shown in the Spreadsheet Template, award 1 mark					
											If Production and Sales rows have been adapted into a Production Budget in the Spreadsheet Template, award 1 mark max for production units, if correct					

Task 2 (b) - value view

	A	B	C	D	E	F	G	H	I	J	K	L
1	Production and Sales Units							Marks	Max Mark	Additional Guidance		
2		January	February	March	April	May	June		13			
3	Production units	3,600	5,600	4,100	4,440	4,360	5,100					
4	Sales units	3,000	6,000	4,000	4,500	4,200	5,000					
5												
6	Selling price per unit	£40.00										
7	Material cost per unit	£5.00										
8	Labour cost per unit	£6.00										
9	Selling expenses per unit	£1.00										
10												
11												
12												
13	Cash Budget for 3 months March to May											
14		March	April	May								
15		£	£	£								
16	Opening Balance	15,000.00	142,600.00	252,440.00								
17												
18	Add Receipts											
19	Cash Sales	32,000.00	36,000.00	33,600.00								
20	Credit Sales - one month	144,000.00	96,000.00	108,000.00								
21	Credit Sales - 2 months	22,800.00	45,600.00	30,400.00								
22	Total Receipts	198,800.00	177,600.00	172,000.00								
23												
24	Less Payments											
25	Materials	22,200.00	21,800.00	25,500.00								
26	Labour	24,600.00	26,640.00	26,160.00								
27	Variable overheads	16,400.00	13,320.00	13,080.00								
28	Fixed Costs	2,000.00	2,000.00	2,000.00								
29	Selling Expenses	6,000.00	4,000.00	4,500.00								
30	Total Payments	71,200.00	67,760.00	71,240.00								
31	Closing Balance	142,600.00	252,440.00	353,200.00								
32								1 mark for all highlighted data cells				

Task 2 (b) - formula view

	A	B	C	D	E	F	G
1	Production and Sales Units						
2		January	February	March	April	May	June
3	Production units	3600	5600	4100	4440	4360	5100
4	Sales units	3000	6000	4000	4500	4200	5000
5							
6	Selling price per unit	40					
7	Material cost per unit	5					
8	Labour cost per unit	6					
9	Selling expenses per unit	1					
10							
11							
12							
13	Cash Budget for 3 months March to May						Additional Guidance
14		March	April	May		Formula must be replicated to gain marks	
15		£	£	£		Accept Named cells	
16	Opening Balance	15000	=B31	=C31	1		
17							
18	Add Receipts						
19	Cash Sales	=D4*\$B\$6*0.2	=E4*\$B\$6*0.2	=F4*\$B\$6*0.2	1		
20	Credit Sales - 1 month	=C4*\$B\$6*0.8*0.75	=D4*\$B\$6*0.8*0.75	=E4*\$B\$6*0.8*0.75	1		
21	Credit Sales - 2 months	=B4*\$B\$6*0.8*0.25*0.95	=C4*\$B\$6*0.8*0.25*0.95	=D4*\$B\$6*0.8*0.25*0.95	2 all or nothing		
22	Total Receipts	=SUM(B19:B21)	=SUM(C19:C21)	=SUM(D19:D21)			
23							
24	Less Payments						
25	Materials	=B\$7*E3	=B\$7*F3	=B\$7*G3	1		
26	Labour	=B\$8*D3	=B\$8*E3	=B\$8*F3	1		
27	Variable Overheads	=IF(D3<=4200,D3*4,D3*3)	=IF(E3<=4200,E3*4,E3*3)	=IF(F3<=4200,F3*4,F3*3)	2 all or nothing	Accept =IF(D3>4200,D3*3,D3*4)	
28	Fixed Costs	2000	=B28	=C28	1		
29	Selling Expenses	=B\$9*C4	=B\$9*D4	=B\$9*E4	1		
30	Total Payments	=SUM(B25:B29)	=SUM(C25:C29)	=SUM(D25:D29)			
31	Closing Balance	=B16+B22-B30	=C16+C22-C30	=D16+D22-D30	1		
32							
33					1 data mark		
34					12 formulae marks		
35					Total 13		

Task 3			Marks	Max Marks	Additional Guidance									
(c) (i)	Revaluation of Assets			3										
	Increase in Property		120,000	✓										
	Decrease in Machinery		- 5,000	1										
	Increase in Inventory		4,750	✓										
	Decrease in Delivery Vans		- 2,000	1										
	Revaluation expenses		- 15,000	✓										
	Profit on revaluation		£102,750	1										
(c) (ii)	Profit sharing ratios	Cameron	25%	✓	1									
		Ashker	45%	✓										
		Benton	30%	1										
(c) (iii)	EQUITY ACCOUNTS		Ashker		Benton	Cameron	Marks	Max Marks	Additional Guidance					
	Opening Balance		600,000		400,000	300,000	✓	4						
	Add Share of Profit on revaluation		61,650		41,100		1							
	Add Share of Goodwill		30,000		20,000		1							
			691,650		461,100	300,000								
	Less Goodwill Written Off		22,500		15,000	12,500	1							
	Updated Equity Balance		669,150		446,100	287,500	1							
(d)	Advantages of admitting a new partner:						Marks	Max Marks	Additional Guidance					
	More ideas can be brought to the business							4						
	More equity is invested into the business													
	There will be greater borrowing capacity													
	There will be greater expertise/specialist knowledge													
	The new partner may bring in new clients/customers													
	The risk is shared between more partners													
	A wider range of skills is brought to the business													
	The workload is shared between more partners													

[END OF MARKING INSTRUCTIONS]