



National  
Qualifications  
RESOURCE

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**X800/75/01**

**Accounting**

## **Marking Instructions**

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Please note that these marking instructions have not been standardised based on candidate responses. You may therefore need to agree within your centre how to consistently mark an item if a candidate response is not covered by the marking instructions.

## 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	Expected response(s)	Max mark	Additional guidance																																																																																																																																												
(b)	<p><b>STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL YEAR 3</b></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>NON CURRENT ASSETS</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Property</td> <td></td> <td></td> <td></td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">4,000</td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">11,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">} (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>61,000</u></td> </tr> <tr> <td>CURRENT ASSETS</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">2,600</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Trade Receivables (6,000 – 300)</td> <td style="text-align: right;">5,700</td> <td></td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Other Receivables</td> <td style="text-align: right;"><u>200</u></td> <td style="text-align: right;">8,500</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>LESS CURRENT LIABILITIES</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade Payables</td> <td style="text-align: right;">4,000</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Overdraft</td> <td style="text-align: right;">2,300</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Other Payables</td> <td style="text-align: right;"><u>600</u></td> <td style="text-align: right;"><u>6,900</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>WORKING EQUITY</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1,600</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">62,600</td> </tr> <tr> <td>NON CURRENT LIABILITIES</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Loan</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>8,000</u> (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>54,600</u></td> </tr> <tr> <td>EQUITY</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening Equity</td> <td style="text-align: right;">39,500</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>ADD Profit for Year</td> <td style="text-align: right;"><u>20,200</u></td> <td style="text-align: right;">59,700</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>LESS Drawings</td> <td></td> <td style="text-align: right;"><u>5,100</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>54,600</u></td> </tr> <tr> <td><b>IN ADDITION:</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Layout &amp; Heading</td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>No extraneous items</td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>All arithmetic correct</td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table>		£	£	£		NON CURRENT ASSETS					Property				50,000	Equipment	15,000	4,000	(1)	11,000					} (1)					<u>61,000</u>	CURRENT ASSETS					Inventory	2,600			(1)	Trade Receivables (6,000 – 300)	5,700			(2)	Other Receivables	<u>200</u>	8,500		(1)	LESS CURRENT LIABILITIES					Trade Payables	4,000			(1)	Overdraft	2,300			(1)	Other Payables	<u>600</u>	<u>6,900</u>		(1)	WORKING EQUITY				<u>1,600</u>					62,600	NON CURRENT LIABILITIES					Bank Loan				<u>8,000</u> (1)					<u>54,600</u>	EQUITY					Opening Equity	39,500			(1)	ADD Profit for Year	<u>20,200</u>	59,700		(1)	LESS Drawings		<u>5,100</u>		(1)					<u>54,600</u>	<b>IN ADDITION:</b>					Layout & Heading				(1)	No extraneous items				(1)	All arithmetic correct				(1)	<b>16</b>	
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Question		Expected response(s)						Max mark	Additional guidance	
2.	PART A	<b>OVERHEAD ANALYSIS SHEET -</b>						10		
	(a)	(i)	<b>Overhead</b>	<b>Basis</b>	<b>Total</b>	<b>Cutting</b>	<b>Finishing</b>	<b>Canteen</b>	<b>Support</b>	
			Ind. Labour	Allocated	41,000	9,000	7,000	15,000	10,000	(1)
			Ind. Mat.	Allocated	20,000	-	-	8,000	12,000	(1)
			Supervision	Employees	7,200	1,296 (1)	3,744	1,440	720	(1)
			Rent/Rates	Floor Area	24,000	5,760 (1)	7,200	6,240	4,800	(1)
			Heat/Light	Floor Area	14,000	3,360 (1)	4,200	3,640	2,800	(1)
			Insurance	Mach. Value	5,000	22,400 (1)	12,800	3,200	1,600	(1)
			<b>TOTAL</b>			<b>41,816</b>	<b>34,944</b>	<b>37,520</b>	<b>31,920</b>	
		(ii)	Canteen	Employees	37,520	8,442 (1)	24,388 (1)	-	4,690 (1)	3
		(iii)	Support	%	36,610	21,966 (1)	14,644 (1)	-	-	
			<b>TOTAL</b>			<b>72,224</b>	<b>73,976</b>	<b>(1) for all totals</b>		3
	(b)		15,200 ÷ 40% = £38,000 (1) x 60% = £22,800 (1)						2	

Question		Expected response(s)	Max mark	Additional guidance
	(c) (i)	<ul style="list-style-type: none"> <li>• a financial plan</li> <li>• a statement of future spending</li> <li>• a prediction of future cash flows</li> </ul> <p>Accept any other suitable response</p>	1	<p>Candidate must have some indication that budget relates to the future to gain award.</p> <p>Accept a description of a Cash Budget - e.g. it shows <u>future</u> cash in and out.</p>
	(ii)	<ul style="list-style-type: none"> <li>• a factor that stops a business from maximising their sales</li> <li>• something that stops a business selling more</li> <li>• when you don't have enough machine hours/labour hours/materials to make everything.</li> </ul> <p>Accept any other suitable response</p>	1	<p>Do not accept an example on its own - e.g. if the candidate just writes "Machine Hours".</p>
	(iii)	<ul style="list-style-type: none"> <li>• a cost that changes with the level of <u>output</u></li> </ul>	1	<p>If no indication of output - do not award mark</p>

Question		Expected response(s)		Max mark	Additional guidance														
<b>PART B</b>																			
(a)	(i)	<b>BASIC WAGE</b>	<table border="1"> <thead> <tr> <th>LAUREL</th> <th>HENRY</th> </tr> </thead> <tbody> <tr> <td>40 hrs x £8 =</td> <td>40 hrs x £8 =</td> </tr> <tr> <td><b>£320</b></td> <td><b>£320</b></td> </tr> </tbody> </table>	LAUREL	HENRY	40 hrs x £8 =	40 hrs x £8 =	<b>£320</b>	<b>£320</b>	<b>1</b>	<b>1 mark</b> for both basic wages correct.								
LAUREL	HENRY																		
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<b>£320</b>	<b>£320</b>																		
	(ii)	<table border="1"> <thead> <tr> <th>OVERTIME EARNINGS</th> <th>LAUREL</th> <th>HENRY</th> </tr> </thead> <tbody> <tr> <td><b>SUNDAY</b></td> <td>6 hrs x (2 x £8)</td> <td>2 hrs x (2 x £8)</td> </tr> <tr> <td></td> <td><b>£96</b></td> <td><b>£32</b></td> </tr> <tr> <td><b>OTHER</b></td> <td>(52 - 40 = 12) (12 - 6 = 6) 6 hrs x (£8 + (£8/2)) = <b>£72</b></td> <td>(46 - 40 = 6) (6 - 2 = 4) 4 hrs x (£8 + (£8/2)) = <b>£48</b></td> </tr> <tr> <td><b>TOTAL OVERTIME EARNINGS</b></td> <td>£96 + £72 = <b>£168</b></td> <td>£32 + £48 = <b>£80</b></td> </tr> </tbody> </table>	OVERTIME EARNINGS	LAUREL	HENRY	<b>SUNDAY</b>	6 hrs x (2 x £8)	2 hrs x (2 x £8)		<b>£96</b>	<b>£32</b>	<b>OTHER</b>	(52 - 40 = 12) (12 - 6 = 6) 6 hrs x (£8 + (£8/2)) = <b>£72</b>	(46 - 40 = 6) (6 - 2 = 4) 4 hrs x (£8 + (£8/2)) = <b>£48</b>	<b>TOTAL OVERTIME EARNINGS</b>	£96 + £72 = <b>£168</b>	£32 + £48 = <b>£80</b>	<b>5</b>	<p><b>1 mark</b> for both Sundays correct.</p> <p><b>2 marks</b> for both total hours worked minus basic hours minus hours worked on Sundays correct (if one part incorrect or missing award <b>1 mark</b>).</p> <p><b>1 mark</b> for both ‘other’ hours multiplied by correct time and a half rate (£12).</p> <p><b>1 mark</b> for adding Sunday and ‘Other’ together.</p>
OVERTIME EARNINGS	LAUREL	HENRY																	
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	(iii)	<b>TIME ALLOWED</b>	<table border="1"> <thead> <tr> <th>LAUREL</th> <th>HENRY</th> </tr> </thead> <tbody> <tr> <td>130 baskets x ½ = 65 hrs</td> <td>108 baskets x ½ = 54 hrs</td> </tr> </tbody> </table>	LAUREL	HENRY	130 baskets x ½ = 65 hrs	108 baskets x ½ = 54 hrs	<b>1</b>	Need both correct to gain the mark.										
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	(iv)	<b>TIME SAVED</b>	<table border="1"> <thead> <tr> <th>LAUREL</th> <th>HENRY</th> </tr> </thead> <tbody> <tr> <td>65 - 52 = 13 hrs</td> <td>54 - 46 = 8 hrs</td> </tr> </tbody> </table>	LAUREL	HENRY	65 - 52 = 13 hrs	54 - 46 = 8 hrs	<b>1</b>	May be consequential on candidate’s answer to (iii).										
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	(v)	<b>BONUS</b>	<table border="1"> <thead> <tr> <th>LAUREL</th> <th>HENRY</th> </tr> </thead> <tbody> <tr> <td>13 hrs x £4 = £52</td> <td>8 hrs x £4 = £32</td> </tr> </tbody> </table>	LAUREL	HENRY	13 hrs x £4 = £52	8 hrs x £4 = £32	<b>1</b>	May be consequential on candidate’s answer to (iv).										
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	(b) (i)	<ul style="list-style-type: none"> <li>• the employee is paid a set amount for each unit they produce</li> <li>• what the employee earns depends on how much they produce</li> <li>• this method of remuneration encourages large quantities to be produced</li> <li>• however, the quality may be reduced because staff are working quickly to earn more</li> <li>• total earnings are the number of pieces multiplied by the price paid per unit</li> <li>• is suitable where large quantities of identical products are manufactured and can be used as a supplement to a low basic time rate</li> </ul>	1	
	(ii)	<ul style="list-style-type: none"> <li>• commission is usually paid as a percentage of the amount of sales made</li> <li>• commission is generally paid on top of a small basic salary where specific targets have been met</li> <li>• this encourages salespeople to sell as much as possible - the more sales they make the more they earn</li> <li>• commission is based on the value of sales</li> </ul>	1	
	(iii)	<ul style="list-style-type: none"> <li>• an annual salary</li> <li>• set payment/amount each month</li> <li>• payment made regardless of hours worked/items made</li> </ul>	1	



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3.	(a)	<table border="1"> <thead> <tr> <th>DATE</th> <th>DETAILS</th> <th>DR</th> <th>CR</th> <th>BALANCE</th> <th></th> </tr> </thead> <tbody> <tr> <td>1 May</td> <td>Opening Balance</td> <td>600</td> <td></td> <td>600</td> <td>(1)</td> </tr> <tr> <td>4 May</td> <td>Sales Revenue</td> <td>378</td> <td></td> <td>978</td> <td>(4)</td> </tr> <tr> <td>6 May</td> <td>Bank</td> <td></td> <td>570</td> <td>408</td> <td>(1)</td> </tr> <tr> <td>6 May</td> <td>VAT Refund</td> <td></td> <td>5</td> <td>403</td> <td>(1)</td> </tr> <tr> <td>6 May</td> <td>Discount Allowed</td> <td></td> <td>25</td> <td>378</td> <td>(1+1)</td> </tr> <tr> <td>9 May</td> <td>Sales Returns</td> <td></td> <td>60</td> <td>318</td> <td>(1)</td> </tr> </tbody> </table> <p>Correct dates, nomenclature and arithmetic (1)</p> <p><b><u>4 May - 4 marks</u></b></p> <p>(£350 × 10%) = £35 (1)</p> <p>(£350 – £35 = £315) × 20% = £63 (1)</p> <p>£315 + £63 = £378 (1)</p> <p>Entry in DR column (1)</p> <p><b><u>6 May - 4 marks</u></b></p> <p>Bank £570 (1)</p> <p>Vat Refund (£100 × 5%) = £5 (1)</p> <p>Discount allowed (£600 – £570) = £30 – £5 = £25 (1)</p> <p>All 3 entries in CR column (1)</p>					DATE	DETAILS	DR	CR	BALANCE		1 May	Opening Balance	600		600	(1)	4 May	Sales Revenue	378		978	(4)	6 May	Bank		570	408	(1)	6 May	VAT Refund		5	403	(1)	6 May	Discount Allowed		25	378	(1+1)	9 May	Sales Returns		60	318	(1)	11	
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	(b)	<ul style="list-style-type: none"> <li>• Invoice (1)</li> </ul>	1	
	(c)	<p>Possible sources of finance would include:</p> <ul style="list-style-type: none"> <li>• grant (1)</li> <li>• bank loan (1)</li> <li>• mortgage (1)</li> <li>• loan from family and friends (1)</li> <li>• business Angels (1)</li> </ul>	2	
	(d)	<ul style="list-style-type: none"> <li>• current ratio (1)</li> <li>• acid test (1)</li> </ul>	1	

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4.	<p><b>MARTHA ANDREW</b> <b>CASH BUDGET FOR 2 MONTHS SEPTEMBER TO OCTOBER</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%; text-align: center;">SEPTEMBER</th> <th style="width: 10%;"></th> <th style="width: 20%; text-align: center;">OCTOBER</th> <th style="width: 10%;"></th> </tr> <tr> <td></td> <td style="text-align: center;">£</td> <td></td> <td style="text-align: center;">£</td> <td></td> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td style="text-align: right;">20,000</td> <td></td> <td style="text-align: right;">25,360</td> <td></td> </tr> <tr> <td colspan="5"><b>RECEIPTS</b></td> </tr> <tr> <td>Credit sales (60%)</td> <td style="text-align: right;">153,000</td> <td style="text-align: center;">(2)</td> <td style="text-align: right;">172,800</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>Cash sales (40%)</td> <td style="text-align: right;">92,160</td> <td style="text-align: center;">(2)</td> <td style="text-align: right;">69,120</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">245,160</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">241,920</td> <td></td> </tr> <tr> <td colspan="5"><b>PAYMENTS</b></td> </tr> <tr> <td>Materials</td> <td style="text-align: right;">116,800</td> <td style="text-align: center;">(2)</td> <td style="text-align: right;">129,600</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>Labour</td> <td style="text-align: right;">88,200</td> <td></td> <td style="text-align: right;">65,700</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: right;">34,800</td> <td style="text-align: center;">(2)</td> <td style="text-align: right;">39,200</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">239,800</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">234,500</td> <td></td> </tr> <tr> <td><b>Closing balance</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">25,360</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">32,780</td> <td style="text-align: center; border-bottom: 3px double black;">(1)</td> </tr> </tbody> </table> <p>Heading/Layout/Arithmetic (1)</p>		SEPTEMBER		OCTOBER			£		£		Opening balance	20,000		25,360		<b>RECEIPTS</b>					Credit sales (60%)	153,000	(2)	172,800	(1)	Cash sales (40%)	92,160	(2)	69,120	(1)		245,160		241,920		<b>PAYMENTS</b>					Materials	116,800	(2)	129,600	(1)	Labour	88,200		65,700	(1)	Variable overheads	34,800	(2)	39,200	(1)		239,800		234,500		<b>Closing balance</b>	25,360		32,780	(1)	15	<p>For Heading/Layout/Arithmetic</p> <ul style="list-style-type: none"> <li>• Just need words ‘Cash Budget’ (providing September and October are shown in column headings)</li> <li>• Must have headings that indicate ‘money in’ and ‘money out’</li> <li>• Must have opening and closing balance labels</li> <li>• No extraneous (ie units)</li> </ul> <p>Final closing balance award is for all correct Opening and Closing Balances.</p>
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Cont per m/c hour	£3	£4																								
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	(e)	<p>10% of 70,000 = 7,000 70,000 - 7,000 = 63,000 hrs</p>			1																					
	(f)	<table border="1"> <thead> <tr> <th>A</th> <th>B</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>63,000-30,000 = 33,000 hrs (1)</td> <td>15,000 units x 2 hrs = 30,000 hrs (1)</td> <td>63,000 hrs</td> </tr> </tbody> </table>			A	B	Total	63,000-30,000 = 33,000 hrs (1)	15,000 units x 2 hrs = 30,000 hrs (1)	63,000 hrs	2	Watch for consequentiality. If candidate has picked A first in part (d), answer should be: A = 40,000 hrs B = 23,000 hrs														
A	B	Total																								
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33,000 hrs	30,000 hrs	63,000 hrs																																												
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USING UNITS	A	B																																												
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		ERROR	EFFECT																				
		1	Increase £8,000 (1)																				
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Total	£7,963 increase (1)																						
(b)	£42,800 + £7,963 = £50,763 (1)	1	Watch consequentiality on (a)																				
(c)	Complete Reversal	1																					
	Commission	1																					
	Original Entry	1																					
(d)	<ul style="list-style-type: none"> <li>A business that is <u>owned</u> by one person</li> </ul>	1	If no indication of ownership - DNA																				

[END OF MARKING INSTRUCTIONS]