



# **2011 Accounting**

## **Advanced Higher – Special Instructions**

### **Finalised Marking Instructions**

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## 2011 Accounting

### Marking Conventions

CONVENTION	EXPLANATION	MARK(S) ON CANDIDATE PAPER
<b>Extraneous</b>	Items entered which should not be in the answer	-1E
<b>Consequential</b>	If a figure in a question is wrong, any further calculations are awarded marks if correct, as a consequence of using that figure	C
<b>Nomenclature</b>	The details in an account are wrong/missing	-1N
<b>Dates</b>	The date of an entry is wrong/missing	-1D
<b>Complete Reversal</b>	<b>All</b> 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
<b>Plus/Minus Rule</b>	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 (+/-)
<b>Penalty</b>	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 £1,500<sup>1</sup>.

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
<p><b>QUESTION 1 – ABC plc</b></p> <p><b>(a) (i) PROFITABILITY/PERFORMANCE RATIOS</b></p> <p><b>Maximum of 6 marks for this section for minimum of 3 ratios.</b></p> <p>One mark is awarded for each correctly calculated ratio for each year.</p> <p>Any ratio using wrong formula</p> <p><b>(ii) EFFICIENCY RATIOS</b></p> <p><b>Maximum of 8 marks for this section for minimum of 4 ratios.</b></p> <p>One mark is awarded for each correctly calculated ratio for each year</p> <p>Any ratio using wrong formula</p> <p><b>(iii) LIQUIDITY RATIOS</b></p> <p><b>Maximum of 4 marks for this section for minimum of 2 ratios.</b></p> <p>One mark is awarded for each correctly calculated ratio for each year.</p> <p>Any ratio using wrong formula</p> <p>Ratios in wrong section: give awards but apply pen</p> <p>Ratio expressed in reverse eg 1:0.8 instead of 0.8:1</p> <p>No %, days, times (whole question)</p>	<p>2</p> <p>2</p> <p>2</p>	<p>-1 once</p> <p>-1 once</p> <p>-1 max -3</p>

	Award marks lost	Penalties applied
<p><b>QUESTION 1 (continued)</b></p> <p><b>(b)</b></p> <p><b>1 mark for improvement/deterioration</b></p> <p><b>1 mark for explaining why</b></p> <p><b>PROFITABILITY RATIOS</b></p> <p><b>Minimum of 1 ratio must be commented on.</b></p> <p><b>Two marks awarded for each valid comment.</b></p> <p><b>EFFICIENCY RATIOS</b></p> <p><b>Minimum of 1 ratio must be commented on.</b></p> <p><b>Two marks awarded for each valid comment.</b></p> <p><b>LIQUIDITY RATIOS</b></p> <p><b>Minimum of 1 ratio must be commented on.</b></p> <p><b>Two marks awarded for each valid comment.</b></p> <p><b>(c) (i) – (iv) Mark as per solution. Two marks are awarded for each correct answer.</b></p> <p>Any ratio using wrong formula</p> <p><b>(d) (i) Four marks are awarded for the calculation of the gearing ratios.</b></p> <p>Wrong formula used</p> <p><b>(ii) Two marks are awarded for comment.</b></p>	<p>2</p> <p>4</p>	

	Award marks lost	Penalties applied
<b>QUESTION 2 – Wilson, Kepple and Bettie</b>		
<b>Part A</b>		
<b>(a) REALISATION ACCOUNT – 11 MARKS</b>		
Mark as per solution, wrong figure lose award	1	
but note that		
Any premises, furniture, motor vehicles, stocks or debtors figure missing.	1	
Accept creditors and payment to creditors instead of discount received		
Creditors entered as well as discount apply +/-		
Bank figure for Motor Vehicles or Stock wrong or missing	1	
Extraneous items eg loan repayment, capital		-2 max -4
<b>(b) BETTIE'S CAPITAL ACCOUNT – 3 MARKS</b>		
Mark as per solution, any wrong figure lose award		
Opening balance wrong or omitted		-1
<b>(c) BANK ACCOUNT – 6 MARKS</b>		
Mark as per solution, wrong figure lose award		
If any of the following are wrong or missing, Opening balance, amounts received for Furniture, Motor Vehicles, Debtors or Stocks.	1	
<b>Part B</b>		
<b>RECONCILIATION STATEMENT – 20 MARKS</b>		
<b>Mark as per solution</b>		
Any figure wrong, wrong effect or missing lose award		
Figure correct but wrong effect		-1 each
Figure wrong lose award (but check for working)		
Figure missing lose whole award		
Corp Tax/Deb int incl in changes to WC - +/- if already used Ignore if not		
No final total/not labelled		-1 pen

	Award marks lost	Penalties applied
<b>QUESTION 3 – RIVERSIDE LTD</b>		
<b>Part A</b>		
<b>CONSOLIDATED BALANCE SHEET – 20 MARKS</b>		
<b>Mark as per solution</b>		
Any figure wrong or omitted lose award		
Investment costs not £1,500,000	1	
Percentage stake calculated not 60%	1	
Net assets acquired not £1,200,000	1	
Goodwill calculated wrong or omitted		1
Goodwill written off wrong, not consequential	1	
Tangible assets not £5,700	1	
Stock total not £600 + £225	1	
Unrealised profit not 20% of £90,000 or consequential	1	
Debtors not £900 + 375	1	
Lakeside's debt of £60,000 owing to Riverside wrong not deducted	1	
Bank wrong/omitted	1	
Cash in transit, wrong, omitted, incorrectly treated	1	
Creditors not £525 + £180	1	
Amount outstanding not £60 – £15 or omitted/incorrectly treated	1	
Accrued charges not £1,125 + £270	1	
Ordinary shares not Riverside's £5,250	1	
Minority interest not 40% of £1,650	1	
Consolidated reserves:		
Riverside reserves not £1,350,000	1	
Goodwill written off wrong, not consequential	1	
Unrealised profits not £18,000	1	
Post Acquisition profits not £60% of £450,000	1	

	<b>Award marks lost</b>	<b>Penalties applied</b>
<b>QUESTION 3 (continued)</b>  <b>Part B</b>  <b>WONDERWORLD plc</b>  <b>ISSUE OF SHARES – 20 MARKS</b>  <b>Mark as per solution</b>  Ignore dates  Nomenclature omitted  Complete reversal – mark and then award half marks  If more than 1 double entry is correct then not complete reversal		-1p (max -3)



	<b>Award marks lost</b>	<b>Penalties applied</b>
<p><b>Theory Questions – award marks for any valid point not identified in the theory solutions.</b></p> <p><b>QUESTION 4</b></p> <p><b>(a) Mark as per solution – 10 marks</b></p> <p>Two marks awarded for each valid point – maximum 10</p> <p><b>(b) Mark as per solution – 20 marks</b></p> <p>Two marks awarded for each valid point – maximum of 10 for each Accounting Standard</p> <p><b>QUESTION 5</b></p> <p><b>(a) Mark as per solution – 16 marks for this section.</b></p> <p><b>(i) – (iv)</b> Two marks awarded for each valid point. Maximum of 4 marks for each section.</p> <p><b>(b) Mark as per solution – 14 marks for this section.</b></p> <p>Two marks awarded for each valid point</p>		

	Award marks lost	Penalties applied
<b>QUESTION 6</b>		
Watch consequentiality throughout Arithmetic errors <b>with working</b>		1 each
<b>(a)</b> Based on % × 80,000 award marks but apply penalty		-6
Variable direct expenses not 15p per unit/not implied	2	
Variable maintenance expenses not 25p per unit/not implied	2	
Maintenance fixed cost not £10,000/not implied	1	
Variable miscellaneous expenses not 15p per unit/not implied	2	
Miscellaneous fixed cost not £48,000/not implied	1	
Direct materials and labour wrong/omitted	1 each	
Direct expenses any one wrong/omitted/not cons on unit cost	1	
Rent, rates and insurance – any one wrong/omitted	1	
Heat and Light – any one wrong/omitted	1	
Office salaries – any one wrong/omitted	1	
Maintenance and miscellaneous expenses cons on variable cost per unit and fixed element		
<b>Each</b> one wrong/omitted/not cons	1	
Final totals not shown/incorrect		1 once
<b>(b)</b> The variance amounts are cons on the answers to part (a)		
Maintenance and miscellaneous variance amounts are worth 2 marks each		
<b>Each</b> one wrong/omitted/not cons	2	
All other variance amounts are worth one mark each		
<b>Each</b> one wrong/omitted/not cons	1	
Favourable/adverse label is cons on part (a) and the actual cost calculated in part (b)		
<b>Each</b> one wrong/omitted/not cons	1	
If the budgeted costs at 75% from part (a) are not used or actual costs are wrong, award marks only to the favourable/adverse labels	10	
<b>(c)</b> Variance amounts are either right or wrong ie (i) and (iii) or may be conseq ie (ii) and (iv)		
<b>Each</b> one wrong/omitted	1	
Favourable/adverse labels are cons on variance calculations		
<b>Each</b> label wrong/omitted/not cons	1	
Accept – or figure in brackets instead of adverse label		
Wrong formula = 0		

	Award marks lost	Penalties applied
<b>QUESTION 7</b>		
Watch consequentiality throughout Arithmetic errors <b>with working</b>		
<b>Part A</b>		
(a) Projects 1 and 2 initial costs wrong/omitted	1 each	
Project 1 npvs:		
Year 1 and 3 wrong/omitted	1 each	
Year 2 and 4 adjustments for additional cost, sale of equipment or clean-up wrong/omitted	1 each	
Project 2 npvs:		
Year 4 adjustments for sale of equipment or clean-up wrong/omitted	1 each	
Final total npv not shown for either project		1 once
(b) Cons on part (a)		
Wrong formula	6	
Mark as per solution – first part of formula wrong	2 each	
Not x2 for Projects or x4 for Project 2	1 each	
Accept formula applied in reverse		
Final answer not shown		1 once
(c) Cons on part (b) – if wrong/not cons	1	
<b>Part B</b>		
(a) (i) Mark as per solution – figures wrong/omitted	1 each	
(ii) Mark as per solution – rent wrong/omitted	2	
XTC data omitted		1
(iii) Mark as per solution		
Fixed costs wrong/omitted	1	
Contribution from Novo wrong/omitted	2	
Accept sales and variable costs of Novo used correctly		
XTC data omitted		1
(i) – (iii) Accept net cost of £5,000 for XTC		
Final profit increase/reduction omitted		1 once
(b) Cons on part (a)(iii)		
Mark as per solution – figures wrong/omitted	1 each	
(c) Cons on contribution from part (b)		
Cont per unit wrong/not cons	2	
Selling price wrong/not cons on cont pu	2	

	Award marks lost	Penalties applied
<b>QUESTION 8</b>		
Watch consequentiality throughout Arithmetic errors <b>with working</b>		1 each
<b>Part A</b>		
(a) Work completed and work certified – mark as per solution If wrong/omitted	1 each	
Costs (except overheads) – mark as per solution If wrong/omitted	1 each	
Note that there is no mark for basic cost where adjustments are required – marks are for the adjustments only		
Overheads cons on – accept 17 or 20 for 1 mark otherwise if wrong/omitted	1 2	
Transfer to Profit and Loss cons on Notional Profit If wrong/not cons	2	
Profit retained not notional profit less transfer to P&L	1	
Accept detached adjustments		
(b) (i) Mark as per solution – if wrong/omitted	2	
(ii) Accept any correct explanation for 2 marks		
<b>Part B</b>		
(a) (i) WIP at start included – ignore Note only the cost element columns are required Good output and abnormal loss any figure wrong/ omitted	1 1	
WIP: each figure wrong		
Total equivalent units omitted		1 once
(ii) Materials cost wrong/omitted	1	
Labour or Overheads costs wrong/omitted	1 once	
WIP bf wrong/omitted	1 once	
Scrap value wrong/omitted	1	
Equivalent units produced wrong/omitted/not cons	1 once	
Total cost per equivalent unit wrong/omitted		1
(iii) Cons on parts (i) and (ii) Each element wrong	1	
Final value/omitted		1

	Award marks lost	Penalties applied
<b>QUESTION 8 (continued)</b>		
<b>(b)</b> Cons on part (a) (i), (ii) and (iii)		
Work in Progress wrong/omitted not cons	1	
Note materials, labour and overheads must all be correct or cons to gain the 1 mark, otherwise	1	
Normal loss wrong/omitted not cons	1	
Good output and abnormal loss must both be correct or cons to gain 3 marks, otherwise	3	
WIP wrong/omitted not cons	1	
If good output shown with no AL award 1 mark	2	

	<b>Award marks lost</b>	<b>Penalties applied</b>
<p><b>QUESTION 9</b></p> <p><b>(a)</b> Award 2 marks for each correct point given Award a maximum of 4 marks (ie 2 examples) for examples of activities/drivers</p> <p><b>(b)</b> Award 2 marks for each correct point given At least 2 arguments for, and 2 arguments against ABC are required for full marks</p> <p><b>QUESTION 10</b></p> <p><b>(a) and (b)</b> Award 2 marks for each correct point given</p>		

[END OF MARKING INSTRUCTIONS]