



2011 Accounting

Higher – Special Instructions

Finalised Marking Instructions

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2011 ACCOUNTING



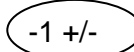
MARKING CONVENTIONS

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/E
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   

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 
- 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

	Award Marks Lost	Penalties
RESTAURANT TRADING AND PROFIT/LOSS ACCOUNT – 9 MARKS		
Heading wrong/omitted		-1P
Mark as per solution – if item wrong/omitted/not consequential/ wrong effect – lose award	1 each	
Purchases 25 (1), 34 (1)		
Do not accept creditors detached from purchases	1 each	
Electricity 8 (1), 5 (1), $1/3 \times 8$ (2), $1/3 \times 5$ (2)	1 or 2	
ACCEPT CALCULATION OF PROFIT NOT IN ACCOUNT FORMAT FOR FULL AWARD BUT APPLY PENALTY		-2P
EXTRANEIOUS = ANY BALANCE SHEET ITEM		-2E (Max -4E)
BUT if any I and E items – lose I and E award as appropriate		
Final profit label must be shown		-1P
INCOME AND EXPENDITURE A/C = 22 MARKS		
If heading wrong (as at) or omitted – APPLY PENALTY		-1P
Mark as per solution – if item wrong/omitted/not consequential/ wrong effect – lose appropriate award(s)		
EXTRANEIOUS – any Balance Sheet item/Loan Repayment		-2E (Max -6E)
BUT if any Restaurant items – lose Restaurant award as appropriate or apply +/- rule		
Subscriptions: if adjustments for Arrears/Advances wrongly treated/ omitted or shown detached – lose award	1 each	
CHECK ANY “WRONG” SUBSCRIPTION FIGURE GIVEN FOR ANY CORRECT ADJUSTMENT	5	
If no working shown and subs figure incorrect and adjustment cannot be implied		
If final subs. figure not capitalised by 25% – lose award	1	
Electricity consequential on Trading Account figure		
If Raffle and Dance items shown in both income and expenditure – award income 1 mark	1 each	
Both depreciation figures right/wrong	0/2	
Loan Interest figure 2 or 7 – 1 mark	1	
If Surplus label omitted/wrong/not consequential – apply penalty		-1P

Question 1 (continued)

	Award Marks Lost	Penalties
<p>BALANCE SHEET = 19 MARKS (ACCEPT any style of layout)</p> <p>If heading wrong or omitted – APPLY PENALTY</p> <p>Mark as per solution – if item wrong/omitted/not consequential/ wrong effect – lose appropriate award(s)</p> <p>Each Fittings NBV is consequential on candidate's depreciation deducted in Income and Expenditure A/c</p> <p>Bank – right/wrong</p> <p>EXTRANEIOUS</p> <p>Loan must be last item to gain award – either top section of balance sheet or financed by section</p> <p>Accumulated Fund – lose 1 mark each for each item wrongly treated/omitted</p> <p>72 (3) 152 (2)</p>	<p>1/2/3</p>	<p>-1P</p> <p>-2E (Max -6E)</p>

Question 2 – 40 Marks

	Award Marks Lost	Penalties
<p>IGNORE omission of £ sign or 000's or 000's added to all figures</p> <p>ACCEPT double-sided or vertical presentation</p> <p>Any item wrong, not consequential, wrong effect or missing – lose appropriate award</p> <p>If Man/Tr/P&L A/c headings wrong/omitted – APPLY PENALTY</p> <p><u>MANUFACTURING ACCOUNT = 18 MARKS</u></p> <p>ACCEPT ANY STYLE OF PRESENTATION AND TREAT AS 2 SECTIONS –</p> <p>To <u>Prime Cost</u> = 6 marks</p> <p>To <u>Market Value of Production</u> = 12 marks</p> <p>DO NOT CARRY NEGATIVE MARKS TO ANOTHER SECTION</p> <p>EXTRANEIOUS – ANY BALANCE SHEET ITEM (except Provision for DEP of Machinery – lose Depreciation award if included) BUT Trading and P/L items – lose award</p> <p><u>PRIME COST = 6 MARKS</u></p> <p>Mark as per solution – If wrong/omitted/not consequential/wrong effect – lose award</p> <p>If <u>Prime Cost</u> includes any indirect item – gain item award and apply a penalty</p> <p>If Prime Cost/Cost of Raw Materials not labelled/incorrectly labelled</p>	<p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p>1 each</p> <p>1 each</p> <p></p> <p></p>	<p></p> <p></p> <p></p> <p>-1P (once)</p> <p></p> <p></p> <p></p> <p></p> <p>-2E (Max -6E)</p> <p></p> <p>-1P each</p> <p>-1P each</p>

Question 2 (continued)

	Award Marks Lost	Penalties
MARKET VALUE OF PRODUCTION = 12 MARKS		
Mark as per solution – if wrong/omitted/not consequential/wrong effect – lose award	1 or 2 each	
Adjustments for Insurance and electricity wrongly treated or omitted or detached (not on next line) – LOSE award but ACCEPT 2/3 of the wrong insurance and 3/4 of wrong electricity for 1 mark each	1 each	
Any direct item in Factory o/heads – lose award		
WIP must be at end of Factory o/heads – otherwise lose awards	1 each	
If Factory o/heads SUBTRACTED apply penalty		-2P
But if candidate has written ADD then subtracted		-1A
If cost of goods manufactured wrong/omitted/not consequential/not labelled		-1P
If Market Value and Manufacturing Profit wrong/omitted/not consequential or not labelled – lose award	1 or 2	
If Manufacturing Profit labelled as Loss	2	
NOTE: If both Manufacturing/Trading/Profit and Loss Accounts are combined starting with Sales which is thereafter adjusted with any figure other than the correct COGS – LOSE Sales award AND APPLY PENALTY	1	-3P
If 2 separate A/s and Sales used in Man A/c – treat as above		
TRADING AND PROFIT AND LOSS A/C AND APPROPRIATION A/C = 22 MARKS		
Treat as 3 separate sections – Trading A/c = 6 marks Profit/Loss = 9 marks Appropriation = 7 marks		
Do not carry any negative marks from one section to another. Items in wrong account eg warehouse wages in profit/loss – lose appropriate award – BUT NO PENALTY	1 each	
Items in two sections/accounts – apply +/- rule BUT NO PENALTY = give award where correct/deduct same award where incorrect	1 each	
EXTRANEIOUS ITEMS – Any Balance Sheet items and Drawings		-2E each (Max -6E)
BUT – Trial Balance figure for Provision for Bad Debt is NOT extraneous – lose award for increase in Bad Debt Prov	2	

Question 2 (continued)

	Award Marks Lost	Penalties
<p>TRADING A/C = 6 MARKS</p> <p>All items in Trading A/c are awarded 1 or 2 marks each – if figure wrong/omitted/wrong effect – lose award</p> <p>If FACTORY COST is used instead of MARKET VALUE –</p> <p>NB Gross Profit figure will be consequential on candidate's figures – if wrong/omitted/not consequential or not labelled</p> <p>PROFIT AND LOSS A/C = 9 MARKS</p> <p>All items are awarded 1 mark each EXCEPT FOR INCREASE IN PROVISION FOR BAD DEBT – if figure wrong/omitted/wrong effect – lose award</p> <p>Provision for Bad Debt right/wrong</p> <p>Insurance – accept 1/3 (or the difference)/Electricity – accept 1/4 (or the difference) of the figure used in Manufacturing A/c</p> <p>Net Profit figure will be consequential on candidate's figures – if wrong/omitted/not consequential/not labelled</p> <p>APPROPRIATION A/C = 7 MARKS</p> <p>Mark as per solution – item wrong/omitted/wrong effect/not consequential – lose award</p> <p>If Interest on Drawings is subtracted and Interest on Capital and Salary added lose 1 mark each</p> <p>Residual Profit is consequential on candidate's Net Profit</p> <p>Share of Profit not 2/5 and 3/5</p>	<p>1 or 2 each</p> <p>2</p> <p>1 each</p> <p>0/2</p> <p>1 each</p> <p>2</p>	<p>-1P</p> <p>-1P</p>

Question 3 – 40 Marks

		Award Marks Lost	Penalties
	PART A = 27 MARKS		
	NB Watch consequentiality in candidate's figures throughout		
(a)	(i) If Net Profit not £20,000 Accept 20	1	
	(ii) If Gross Profit not £36,000 or candidate's figure in (i) + £16,000 If Gross Profit Ratio not 45% or candidate's Gross Profit in (ii)/80 × 100 If wrong formula used to calculate Gross Profit Ratio	1 1 1	
	(iii) If Cost of Sales not £44,000 or candidate's Gross Profit in (ii) subtracted from Sales If Mark-up Ratio not 81.8% or candidate's Gross Profit in (ii) divided by candidate's Cost of Sales in (iii) If wrong formula used to calculate Mark-up Ratio	1 1 1	
	(iv) Right/wrong/consequential	2	
	(v) Expenses Ratio must be 20% or lose award	2	
	(vi) If Credit Sales not £60,000 If Debtors' Collection Period not 6/60 or candidate's Credit Sales in (vi) × 365 – lose award If given in weeks/months Accept answer without days Accept rounded up to 37 or down to 36	1 2 2	-1P
	(vii) Right/wrong/consequential If any label missing from answer, eg % sign, times	2 2	-1P once

Question 3 – (continued)

		Award Marks Lost	Penalties
(b)	(i) If Cost of Sales not £90,000	2	
	(ii) If Sales not £150,000 or candidate's Cost of Sales in (b) (i) $\times 100/60$	2	
	(iii) If Gross Profit not £60,000 or candidate's Sales in (b) (ii) $\times 40\%$	1	
	(iv) If Closing Stock not £19,000	2	
	If Purchases not £98,000 or candidate's Cost of Sales in (b) (i) + candidate's Closing Stock in (b) (iv) less Opening Stock of £11,000	2	
	(v) If Net Profit not £33,000 or candidate's Gross Profit in (b) (iii) less $(18\% \times \text{candidate's Sales in (b) (ii)})$	2	
(c)	Only accept answer given		
	PART B = 13 MARKS		
	Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose appropriate award	1 or 2 each	
	(a) No total shown (or implied in (b))		-1P each

Question 4 – 10 Marks

		Award Marks Lost	Penalties
	Mark as per solution Award marks for valid points not in solution (a) (i) must make a comparison		

Question 5 – 10 Marks

		Award Marks Lost	Penalties
	Mark as per solution Award marks for valid points not in solution		

Question 6

		Award Marks Lost	Penalties
	<p>PART A</p> <p>Cash Budget – 39 Marks</p> <p>Heading should show an indication of the number of months or the actual months</p> <p>Mark as per solution – if any figure wrong/omitted/ wrong effect/not implied/lose appropriate award</p> <p>All items are Right/Wrong</p> <p>Candidates may combine figures eg add cash and credit Sales together or they may combine credit Sales months 1 and 2 together. Give full award to combined figures – 4 marks each:</p> <p>£29,802, £24,735 and £23,838</p> <p>Give full marks to combined Overheads figures – 2 marks each:</p> <p>£9,000, £7,700 and £8,800 for 2 marks each.</p> <p>Loan Repayment – accept £5,000 for 1 mark and £250 for one mark</p> <p>If Depreciation shown lose Fixed Cost award</p> <p>Closing Balance – if not shown apply a penalty</p> <p>If no attempt to distinguish between Receipts and Payments – give marks to Receipts only.</p> <p>If an attempt has been made to distinguish but have list of + and –, mark it and apply a penalty.</p>	<p>1 or 2</p> <p>2</p> <p>2</p> <p>19</p>	<p>-1P</p> <p>-1P</p> <p>-3P</p>

Question 6 (continued)

		Award Marks Lost	Penalties
	<p>PART B</p> <p>Stock Record Card – AVCO – 11 Marks</p> <p>Mark as per solution – if figure wrong/omitted/wrong effect/not consequential – lose award</p> <p>If value of opening and closing stocks missing</p> <p>NB Watch for consequentiality on candidate's balance/issue figures.</p> <p>If not shown as a Stock Record Card</p> <p>All 3 columns in Issues (Quantity, Cost Per Unit and Total) must be shown – if not</p> <p>If May 20th entry appears before 18th May entry – award marks for 20th but not 18th</p>	<p>1 or 2</p> <p>1 each</p> <p>1 each</p> <p>2</p>	<p>-6P</p>

Question 7

		Award Marks Lost	Penalties
	PART A = Break-Even – 20 MARKS Mark as per solution – if figure wrong/omitted/not consequential/wrong effect – lose award		
(a)	(i) <u>Calculation of Selling Price per unit</u> Variable Cost not £20 Contribution not £10 (ii) <u>Total Fixed Costs</u> BEP not 6,000 Not multiplied by £10 (iii) <u>Calculation of Number of Units</u> Net Profit before tax not £25,000 Calculation of extra units not £25,000/£10 Extra units not 8,500 or cons (iv) <u>PVR</u> Incorrect formula Must be 33.3% or 1/3 % sign omitted	1 1 1 1 2 1 each 1 2 2	-1P
(b)	(i) <u>Calculation of New Break-Even Point</u> Selling Price not £30 Variable Costs not £22 Fixed Costs not £66,000 Break-Even point not 8,250 or cons (ii) <u>Margin of Safety</u> No of units not 750 or cons Sales Value not £22,500 or cons (iii) <u>Profit/Loss on Sale of 5,000 units</u> No of units not 3,250 or cons Must state 'Loss' or be shown in brackets	1 1 1 2 1 1 1 1	

Question 7 (continued)

		Award Marks Lost	Penalties
	PART B = Process Account – 20 MARKS		
(a)	<p>(i) Process 3 Account – 12 Marks</p> <p>Not shown in account form</p> <p>Mark as per solution – if item wrong/omitted/not consequential/wrong effect – lose award</p> <p>Abnormal Loss – 300 kgs = 1 mark – if missing lose award</p> <p>Unit cost is consequential on candidate's figures – if wrong formula – lose award</p> <p>Normal loss is consequential on input weight</p> <p>If Abnormal Loss and Stock entry not same value – lose awards</p> <p>(ii) Abnormal Loss Account – 4 Marks</p> <p>Not in account form</p> <p>Abnormal Loss transfer must be right or consequential on candidate's answer in Part (a) (i)</p> <p><u>Credit entries</u> –</p> <p>Total cost must be £1,200</p> <p>Profit and Loss entry must be right or consequential on Debit entry</p>	<p>1 or 4</p> <p>1</p> <p>4</p>	-4P
(b)	<p>Calculation of Selling Price – 4 Marks</p> <p>Mark as per solution – if figure wrong/omitted/not consequential/wrong effect – lose award</p>	<p>1 or 3</p>	-1P

Question 8

		Award Marks Lost	Penalties
	<p>Decision Making – 40 marks</p> <p>Mark as per solution – if figure wrong/omitted/not consequential/wrong effect – lose award</p>		
(a)	<p>(i) <u>The total machine hours being used at the current production level = 2 Marks</u></p> <p>Mark as per solution ie Y not 12,000 hours, Z not 18,000 hours</p> <p>Not totalled</p> <p>(ii) <u>The total profit earned at the current level of production = 8 Marks</u></p> <p>Mark as per solution Figures for Selling Price, Materials and Labour – right/wrong</p> <p>Variable Overheads – right/wrong Calculation of Total Contribution for each product – wrong/omitted/not consequential Fixed Costs – right/wrong Total Profit not shown</p>	<p>1 each</p> <p>1 – for both figures 1 each</p> <p>1 each 0/1</p>	<p>-1P</p> <p>-1P</p>
(b)	<p>(i) <u>The number of machine hours available at full capacity = 2 Marks</u></p> <p>Mark as per solution – if figure wrong/omitted/not consequential on answer to part (a) (i)</p> <p>(ii) <u>Quantity to be Produced = 9 Marks</u></p> <p>Mark as per solution – if figure wrong/omitted/not consequential Contribution per Machine Hour not calculated/ implied Order of Priority not shown or implied Hours allocated to Z not calculated or implied Number of units to be produced not shown If no attempt to calculate contribution per machine hour (or implied later in the answer)</p> <p>(iii) <u>Total contribution = 2 Marks</u></p> <p>Mark as per solution – if figures wrong/omitted/ not consequential/wrong effect – lose award</p>	<p>2</p> <p>1 or 2</p> <p>2 each 1 2 1 each 5</p> <p>1 each</p>	

Question 8 (continued)

		Award Marks Lost	Penalties
(c)	(iv) <u>Total profit if fixed costs rise by 20% = 2 Marks</u>		
	New fixed costs not £60,000	2	
	ZY will still give £124,000 so watch when marking		
	No total profit		-1P
	<u>Calculation of new Machine Hours = 2 Marks</u>		
	Mark as per solution – if figure wrong/omitted/not consequential	2	
	<u>Calculation of Maximum Profit = 13 Marks</u>		
	Figures for Material and Labour – right/wrong	1 for both figures	
	Variable Overheads – right/wrong	1	
	Contribution per machine hour not calculated or implied	1	
	Quantity to be produced – right/wrong/consequential	1 or 2	
	Total contribution per product not shown	1 each	
	Fixed Costs – right/wrong/consequential	2	
	Total Profit not shown		-1P
	If order of priority wrong or not consequential on contribution per machine hour, gain final product marks only (ie 3) plus the Fixed Cost award (ie 2)		
	If no attempt to optimise production – only give Fixed Cost award (2)	9 or 11	
	AYZ gives correct answer so watch when marking		

Question 9 – 10 Marks

		Award Marks Lost	Penalties
	Mark as per solution Award marks for valid points not in solution Percentage not necessary in method as long as 100 appears in the formula		

Question 10 – 10 Marks

		Award Marks Lost	Penalties
	Mark as per solution Award marks for valid points not in solution		

[END OF MARKING INSTRUCTIONS]