Higher
coursework
assessment task

Qualifications Scotland
Teisteanasan Alba

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		

							Marks	Max Marks	
Task 1 (c)	Overhead Absorption Rates							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 (d)

Marks | Max Marks: 6 | **Additional Guidance**

	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 over/under absorbed marks
Overheads Over/Under Absorbed	£1,000	✓		-£2,360	✓		£204	✓	
	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

(a) **Income Statement of A and B Clothing for the year ended 31 December Year 9** ✓ — **Max Marks:** 5

		£		£		Additional Guidance
Profit for the Year				800,000	✓	If Profit for the Year is adjusted for Interest on Loan DNA Heading, profit for the year, arithmetic and no extraneous mark
Add Interest on Drawings	Ashker	2,000	✓			
	Benton	1,600	1	3,600		DNA if wrong effect
				803,600		
Less Interest on Equity	Ashker	36,000	✓			
	Benton	24,000	1			DNA if wrong effect
Less Salary - Benton		48,000	1	108,000		DNA if wrong effect
Residual Profit				695,600		
Share of Profit	Ashker (60%)	417,360	✓			If Interest on Loan included as an Appropriation item, DNA Share of Profit mark. If Share of Profit is not included, DNA first available mark.
	Benton (40%)	278,240	1	695,600		

Heading, Profit for the Year, arithmetic and no extraneous (1)

Task 3

(b) Current Account - Ashker ✓ — **Max Marks:** 6

Date	Details	Dr		Cr		Balance			Additional Guidance
								✓	
1 January	Opening Balance					11,500	Dr	✓	
31 December	Interest on Equity			36,000	✓	24,500	Cr		Award mark if corresponding entries in both Current Accounts is correct
31 December	Share of Profit			417,360	✓	441,860	Cr		
31 December	Interest on Loan			2,000	✓	443,860	Cr		Award mark for Interest on Loan and Salary
31 December	Drawings	50,000	✓			393,860	Cr		
31 December	Interest on Drawings	2,000	✓			391,860	Cr		

Current Account - Benton ✓

Date	Details	Dr		Cr		Balance			Additional Guidance
							✓		
1 January	Opening Balance					30,000	Cr	1	**1 mark** for all headings, labels, dates and opening balances
31 December	Interest on Equity			24,000	1	54,000	Cr		If running balance incorrect, DNA mark for headings, dates and opening balance, or next available mark
31 December	Share of Profit			278,240	1	332,240	Cr		If not shown as a ledger account, DNA mark for headings, dates and opening balance, and next available mark
31 December	Salary			48,000	1	380,240	Cr		If Current Account shown as **complete** reversal, award marks gained and divide by 2 (max 3)
31 December	Drawings	40,000	1			340,240	Cr		If headed as Current Account, but includes an entry for Equity, DNA Interest on Equity mark
31 December	Interest on Drawings	1,600	1			338,640	Cr		If headed as Equity Account, and Equity shown as Opening Balance, award marks gained and divide by 2 (max 3)
									If Loan is included, DNA Interest on Loan and Salary mark

Task 3				Marks	Max Marks	Additional Guidance
(c) (i)	Revaluation of Assets				3	
	Increase in Property		120,000	✓		
	Decrease in Machinery		- 5,000	1		**1 mark** for Property increase and Machinery decrease
	Increase in Inventory		4,750	✓		
	Decrease in Delivery Vans		- 2,000	1		**1 mark** for Inventory increase and Delivery Vans decrease
	Revaluation expenses		- 15,000	✓		
	Profit on revaluation		£102,750	1		**1 mark** for Revaluation expenses and Profit on revaluation

				Marks	Max Marks	Additional Guidance
(c) (ii)	Profit sharing ratios	Cameron	25%	✓	1	
		Ashker	45%	✓		
		Benton	30%	1		**1 mark** for all 3 percentages correct
						Accept fractions 1/4, 9/20, 3/10

(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		**1 mark** for Opening Balance and Updated Equity Balance
							If any additional entry, DNA Updated Equity Balance mark

(d)	Advantages of admitting a new partner:	Marks	Max Marks	Additional Guidance
	More ideas can be brought to the business		4	**1 mark** for each description
	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]