



National
Qualifications
2024

2024 Accounting

National 5

Coursework Finalised Marking Instructions

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General marking principles

This information is provided to help you understand the general principles you must apply when marking candidate responses in this assignment. 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 specific 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: not deducted from a maximum on the basis of errors or omissions.

In theory questions, ignore wrong answers if followed/preceded by correct answer unless the answers are contradictory.

- (c) Candidates are awarded marks for showing workings and demonstrating that accounting processes have been followed, even when incorrect figures are presented.

- (d) **Printouts**

Candidates are clearly directed, within the instructions, as to the printing requirements. If the formulae printout is missing, no formula marks can be awarded. If value view printout is missing, markers should award as many marks as possible based on the formulae view printout.

Absolute cell references are not required. Named cells are acceptable.

Each time a formula is truncated, the mark cannot be awarded for that group of formula marks. Ignore truncation in cells with written data.

If formulae marks are grouped and the candidate has not made an attempt at some component part - still award the formulae mark providing the formulae that have been attempted are correct.

- (e) **Formatting**

Accept if candidates have changed formatting to different decimal places.

- (f) **Extra Cells Added**

Candidates may have inserted data in extra cells in order to help them construct formulae. This is acceptable providing the extra data is using cell references. If the extra data has not used cell references, then do not award formula marks each time. Markers should pay close attention as to how formulae are constructed if the candidate has inserted extra cells.

- (g) **Treatment of errors**

Guidance on the treatment of errors, for example extraneous items, arithmetic errors and consequential errors, is provided in the specific marking instructions.

- (h) **Consequential errors**

Consequential errors are taken account of and candidates receive credit for following the correct accounting processes and spreadsheet formulae.

Data Worksheet

	A	B
1	PITCH UP	
2		
3	SELECTED LEDGER BALANCES AS AT 31 DECEMBER YEAR 3	
4		
5		£
6	Inventory @ 1 January Year 3	4,800
7	Sales Revenue	548,000
8	Purchases	249,000
9	Factory Machinery (at cost)	160,000
10	Provision for Depreciation: Factory Machinery	27,600
11	Trade Receivables	10,000
12	Advertising	5,300
13	Cash Equivalents - overdraft	2,400
14	Discount Received	1,500
15	Electricity	14,700
16	Finance Costs	7,500
17	Mortgage	150,000
18	Insurance	13,200
19	Salaries	64,750
20	Carriage Inwards	2,800
21	Trade Payables	12,000

Specific marking instructions

Task 1 – Value View

PITCH UP

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER YEAR 3

	£	£	£	
Sales revenue			548,000	1
Less COST OF SALES				
Opening inventory		4,800		
Purchases	249,000			
Add Carriage inwards	<u>2,800</u>	1 251,800		
		256,600		
Less Closing inventory		<u>10,000</u>	1	
COST OF SALES			<u>246,600</u>	
GROSS PROFIT ✓			301,400	
<u>Less Expenses</u>				
Advertising (5,300 + 200)		5,500		
Electricity (14,700 - 350)		14,350	3	
Finance costs		7,500		
Insurance		13,200		
Salaries		64,750	2	
Depreciation of factory machinery		16,000	1	
Provision for bad debts		<u>750</u>	1	
			<u>122,050</u>	
			179,350	
<u>Add Other Income</u>				
Discount received			<u>1,500</u>	1
PROFIT FOR THE YEAR ✓			180,850	

1 mark for layout and labels (see note 1)

1 mark for arithmetic and no extraneous

Total – 13 marks

Notes

1	<p>To gain award, figures must have reasonable nomenclature eg DNA layout award for:</p> <ul style="list-style-type: none"> • Provision for Bad Debts labelled as Trade Receivables • Provision for Bad Debts labelled just as “Bad Debts” • Provision for Depreciation labelled as Factory Machinery (Depreciation on its own is acceptable) <p>NOTE - if figure didn’t gain award in first instance, then ignore wrong nomenclature in the layout mark.</p>
2	<p>Advertising/Electricity:</p> <ul style="list-style-type: none"> • Award 1 mark for both expense amounts (5,300 and 14,700) • 1 mark for each correct adjustment – accept if adjustments detached but directly below. • If candidate has £350 in other income section and has not put the main electricity figure in expenses - award for 1 mark.
3	<p>Finance Costs/Insurance/Wages, award:</p> <ul style="list-style-type: none"> • 2 marks for inclusion of all 3 expenses, • 1 mark for any 2 correct expenses, • 0 marks for any one expense.
4	<p>For both Closing Inventory and Discount Received to gain award, must be correct effect. If incorrect effect, do not award mark for entry and ignore in Arithmetic award.</p>
5	<p>Award 1 mark for overall layout, inclusion of ticked labels (Gross Profit and Profit for the Year) and no extraneous/SOFP labels.</p> <p>If candidate has made no attempt at calculating a Profit for the Year, then it is impossible for them to give the PFY label. In this instance award 1 mark for Layout for just having the Gross Profit label.</p> <p>For Layout mark, accept:</p> <ul style="list-style-type: none"> • Other Income before expenses • Just one column used instead of two/three columns
6	<p>Award 1 mark for correct arithmetic and no extraneous items.</p> <p>For correct arithmetic, subtotals are treated correctly (eg if COS added to Sales Revenue - DNA)</p> <p>Extraneous mark:</p> <ul style="list-style-type: none"> • If there is only £27,600 for Provision for Depreciation in Income Statement then it is wrong, but not extraneous. • If there are 2 depreciation figures, then DNA extraneous mark.

Task 1 – Formula View

PITCH UP

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER YEAR 3

	£	£	£
Sales Revenue			=Data!B7
Less COST OF SALES			
Opening inventory		=Data!B6	
Purchases	=Data!B8		
Add Carriage inwards	<u>=Data!B20</u>	<u>=SUM(B9:B10)</u>	
		=C8+C10	
Less Closing inventory		<u>10000</u>	
COST OF SALES			<u>=C11-C12</u>
GROSS PROFIT			=D5-D13
<u>Less Expenses</u>			
Advertising		=Data!B12+200	
Electricity		=Data!B15-350	
Finance costs		=Data!B16	
Insurance		=Data!B18	
Wages		=Data!B19	
Depreciation of factory machinery		=Data!B9*10%	
Provision for bad debts		<u>=Data!B11*7.5%</u>	<u>=SUM(C17:C23)</u>
			=D14-D23
<u>Add Other Income</u>			
Discount received			<u>=Data!B14</u>
PROFIT FOR THE YEAR			=D24+D26

All correct cell linkage	1(L)
Using formulae to construct subtotals and basic arithmetic calculations	1(A)
Total marks	2

- Accept cell references or typed nomenclature for labels.
- Ignore a “0” figure entered for Sales/Purchase returns.

Task 2 – Value View

(watch consequentiality from Task 1)

Ratio	Answer	Marks	Comments
Gross Profit Ratio	55%	1	$301,400 / 548,000 * 100$
Average Inventory	£7,400	1	$(4,800 + 10,000) / 2$ If you see £9,800 then award 1 mark in Value View but DNA award in Formula View as brackets in wrong place/no brackets.
Rate of Inventory Turnover	33 times	1	$246,600 / 7,400$ If you see 25 times, then award 1 mark consequentially (provided Average Inventory is £9,800).
Trade Payables Payment Period	22 days	2	$(12,000 / (249,000 * 0.8)) * 365$ 1 mark for multiplying purchases by 0.8 1 mark for rest of ratio correct. <ul style="list-style-type: none"> If you see 14 days - 2 marks in Value View but DNA mark in Formula View. If you see 18 days - 1 mark.
Trade Receivables Collection Period	17 days	2	$10,000 / (548,000 * 0.4) * 365$ 1 mark for multiplying sales by 0.4. 1 mark for rest of ratio correct. <ul style="list-style-type: none"> If you see 3 days - 2 marks in Value View but DNA mark in Formula view. If you see 7 days - 1 mark. If PBD deducted from Tr. Receivables then ACCEPT.
Current Assets	£19,600	2	$10,000 + \underbrace{(10,000 - 750)} + \underbrace{350}$ <ul style="list-style-type: none"> 1 mark for both Trade Receivables and Closing Inventory. 1 mark for both PBD and Electricity adjustment.
Current Liabilities	£14,600	2	$12,000 + 2,400 + 200$ 3 correct figures + correct effect = 2 marks 2 correct figures + correct effect = 1 mark
<p>NOTE - For both Current Assets and Current Liabilities:</p> <ul style="list-style-type: none"> If all figures correct but extra items included - DNA 1 mark in each ratio. If all figures correct but extra item in Current Assets is Cash & Cash Equivalents - Overdraft, then award 1 mark in Current Assets and 2 marks in Current Liabilities. 			

Task 2 - Value View (continued)

Current Ratio	1.34:1	1	19,600 / 14,600 <ul style="list-style-type: none"> Accept to any decimal place
Acid Test Ratio	0.66:1	2	(19,600 - 10,000) / 14,600 1 mark for deducting closing inventory 1 mark for rest of ratio correct <ul style="list-style-type: none"> If wrong answer due to incorrect bracketing, then award 2 marks (and DNA mark in Formula View). Ratio must be :1 DNA “rest of ratio correct” mark, if candidate changes spreadsheet to turn a 0.2:1 ratio into 1:5. Accept to any decimal place.
Total marks		14	

NOTE- For Trade Receivables Collection Period and Current Assets:

If in Task 1, if candidate has incorrectly labelled PBD as “Trade Receivables” - DNA mark for the use of £750 (or whatever figure candidate has for PBD) as the Trade Receivable in calculations in Task 2 ONCE ONLY eg if £750 used when calculating Trade Receivables Collection Period - DNA, but accept use of £750 when calculating Current Assets).

Task 2 – Formula View

			Marks
Gross Profit Ratio	$\text{=Income!D14/Income!D5*100}$	%	F1
Average Inventory	$\text{=(Income!C8+Income!C12)/2}$		F1
Rate of Inventory Turnover	$\text{=Income!D10/Ratios!B10}$	times	F1
Trade Payables Payment Period	$\text{=(Data!B21/(Data!B8*0.8)*365)}$	days	F2
Trade Receivables Collection Period	$\text{=Data!B11/(Income!D5*0.4)*365}$	days	F2
Current Assets	$\text{=Income!C12+(Data!B11-Income!C23)+350}$		F3
Current Liabilities	$\text{=Data!B21+Data!B13+200}$		F3
Current Ratio	=B18/B20	:1	F4
Acid Test Ratio	$\text{=(B18-Income!C12)/Ratios!B20}$:1	F4

Total marks – 4

Cell references might not be the same based on how the candidate has completed the Income Statement.

NOTE - Accept Closing Inventory of £10,000 to be typed. It DOES NOT need a cell reference.

Task 3

PART A (watch consequentiality from task 2)

NOTE - if just “assets” or “liabilities” with no reference to “current” - DNA each time.

Ratio	Possible reason for difference	Marks
Current Ratio Year 2 – 2:1 Year 3 – 1.34:1	<p>Lower current assets or any example, eg:</p> <ul style="list-style-type: none"> • Less cash in the bank/overdraft • Less inventory held (although doesn't fit scenario) • Lower amounts owed by customers • May have cashflow problems <p>DNA</p> <ul style="list-style-type: none"> • Selling current assets <p>Higher current liabilities or any example, eg:</p> <ul style="list-style-type: none"> • More money owed to suppliers • Bank account in overdraft 	1 mark for correct reason
Gross Profit Ratio Year 2 – 40% Year 3 – 55%	<ul style="list-style-type: none"> • Higher selling price • Lower cost of purchases/cheaper supplier/COS • Lower wastage/spoilage <p>DNA</p> <ul style="list-style-type: none"> • Higher sales/selling more/more sales revenue • Higher gross profit/there must be a reason 	1 mark for correct reason
Trade Receivables Collection Period Year 2 – 30 days Year 3 – 17 days	<ul style="list-style-type: none"> • Offered cash discount for prompt payment • More careful credit control • More efficient invoicing • Reduced credit terms <p>DNA</p> <ul style="list-style-type: none"> • Getting money in quicker/customers taking less time to pay - there must be a reason. 	1 mark for correct reason

Accept any other suitable responses

Task 3 - PART B

Candidate can use the same reason from Part A

Ratio	Way of improving ratio	Marks
Rate of Inventory Turnover	<ul style="list-style-type: none"> • More sales • Advertising campaign • Reduce inventory holding • Reduce selling price/have a sale • Purchase less inventory more often • Use of JIT <p>DNA Increase cost of sales.</p>	1 mark for correct suggestion
Acid Test Ratio	<p>Higher current assets or any example, eg:</p> <ul style="list-style-type: none"> • Get more cash in the bank/get a loan • Reduce amount of inventory held • Sell <u>unnecessary</u> non-current assets (needs to say “unnecessary” for award) • Further improve credit control <p>Lower current liabilities or any example, eg:</p> <ul style="list-style-type: none"> • Lower Trade Payables/Pay more to suppliers/ Pay off debts/Pay off Current Liabilities • Clear overdraft <p>Accept change Selling Price (up or down) only if indication of bringing in more sales/higher sales revenue.</p> <p>DNA increase sales unless indication of more money coming in.</p>	1 mark for correct suggestion
Trade Payables Payment Period	<ul style="list-style-type: none"> • Pay suppliers less promptly • Negotiate longer credit terms <p>DNA more purchases on credit.</p>	1 mark for correct suggestion

Accept any other suitable responses

Task 4 – Value View

	Pod	Tunnel	Hike	Marks	
Machine hours per unit	2.5	3	2		
Selling price	£75	£80	£65		
Maximum demand (units)	3,600	3,300	2,800		
Variable cost per unit	£35	£44	£30		
	Pod	Tunnel	Hike	Total	
Machine hours required to meet maximum demand	9,000	9,900	5,600	24,500	1
Contribution per unit	£40.00	£36.00	£35.00		1
Contribution per machine hour	£16.00	£12.00	£17.50	}	1
Order of priority	2	3	1		
Machine hours to be used to maximise profits	9,000	8,400	5,600	23,000	1
Units to be produced	3,600	2,800	2,800		1
Total contribution	£144,000	£100,800	£98,000	£342,800	1
Fixed costs				£109,170	1
Maximum profit				£233,630	1
Total marks – 8					

Task 4 – Formula View

	Pod	Tunnel	Hike	Total	
Machine hours required to meet maximum demand	=B8*B10	=C8*C10	=D8*D10	=SUM(B15:D15)	F3
	F1	F1	F1		
Contribution per unit	=B9-B11	=C9-C11	=D9-D11		
	F1	F1	F1		
Contribution per machine hour	=B17/B8	=C17/C8	=D17/D8		
	F1	F1	F1		
Order of priority	2	3	1		
Machine hours to be used to maximise profits	=B15	=B5-B24-D24	=D15	=SUM(B24:D24)	F3
	F2	F2	F2		
Units to be produced	=B10	=C24/C8	=D10		
	F2	F2	F2		
Total contribution	=B26*B17	=C26*C17	=D26*D17	=SUM(B28:D28)	F3
	F2	F2	F2		
Fixed costs				=121300*0.9	F3
Maximum profit				=E28-E30	F3

Total marks – 3

[END OF MARKING INSTRUCTIONS]