



National
Qualifications
2025

2025 Accounting

National 5

Question Paper Finalised Marking Instructions

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These marking instructions have been prepared by examination teams for use by SQA appointed markers when marking external course assessments.

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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 1. PART A (a) - General Instructions

- Markers should approach question by marking transactions sequentially in date order (mark entries for 2 May first, then mark 3 May etc).
- Mark the starting point first, then ask yourself 'What would I expect to see next'? (See next page for starting points)
- If **no** starting point - then mark as per solution.
If **wrong** starting point (eg Molly Chambers acc opened instead of Purchases on 3 May) then mark consequentially (except for 13 May).
- In transactions with VAT:
 - If FULL AMOUNT (or higher amount) in Purchases, Sales, Equipment, Sales Returns (eg Equipment Acc on 7 May has £12,000 Dr) - mark as per solution (This also applies if the starting point was wrong).
 - If VAT IS DEDUCTED from original starting point figure and on correct side, then mark consequentially. Eg. Equipment Acc on 7 May has £8,000 Dr then 0 Marks in Equipment Acc, 1 mark in VAT Acc for £2,000 Dr and 1 consequential mark for £10,000 Cr in Tech2U Acc. (2/3 marks overall) However, if original entry with VAT deducted is on the wrong side mark then mark as per solution.
 - If VAT is CALCULATED INCORRECTLY then mark consequentially eg Equipment Acc on 7 May has £10,000 Dr and VAT Acc has been incorrectly calculated as £1,000 Dr, then £11,000 in Tech2U Acc would be awarded 1 consequential mark (2/3 marks overall)
 - If there is NO VAT calculation and it is just a 2 entry transaction then 2 out of 3 marks may be awarded eg Equipment Acc on 7 May has £10,000 Dr then accept £12,000 or £10,000 Cr in Tech2U Acc for 1 consequential mark (as long as £2,000 VAT does not appear anywhere).
 - Amounts can be split. Eg 3 May KCM Acc may show separate entries of £35,000 and £7,000 instead of one entry of £42,000
This is acceptable
- Apply consequentiality as to which side of the ledger entries are on. Therefore, if a Purchase is incorrectly entered on the Credit side, this would be marked as incorrect. However if the VAT was also on the Credit Side and the supplier on the Debit Side this would be consequentially correct. Taking this approach may mean that some entries which are correct as per solution, will be marked as consequentially incorrect.
- Consequentiality is not applied to the figures contained within a transaction. The figures are to be marked as per solution (with the exception of the instances highlighted above.)
- If dates/nomenclature/balance MISSING - do not award (DNA) mark (up to a maximum of 2 marks)
If dates/nomenclature/balance WRONG - Ignore
- If an entry has been put into the wrong account, it does not gain an award.
- If there are any extra entries as part of a transaction, apply the +/- rule.
Taking the transaction on 3 May as an example, if a candidate enters £35,000 Dr in the Purchases Acc and also enters £35,000 in a Molly Chambers Acc (with the VAT and Supplier Accounts being correct), they would be awarded 2 marks over the transaction instead of 3.
- For Account names, accept "Expenses" for Office Expenses, "Sales" for Sales Revenue, and "Returns" for Purchases/Sales Returns

Q1 - General Instructions (Cont)

The following starting points in a transaction should be used:

02-May	Start with entry in Bank Acc. Then look at Equity Acc.										
03-May	Start with entry in Purchases Acc. Look at VAT next. It should follow the Dr or Cr entry of the first figure. Then, look at KCM Supplies Acc.										
04-May	Start with entry in Bank Acc. Then look at Cash Acc.										
05-May	Start with entry in Bank Acc. Then look at Loan Acc.										
07-May	Start in Equipment Acc. Look at VAT next. It should follow the Dr or Cr entry of the first figure. Then, look at Tech 2U Account.										
08-May	<p>Start with entry(s) in Sales Acc. Look at VAT next. It should follow Dr or Cr entry of first figure. Then, look at Bank/Dodson & Sons.</p> <p>In Sales Revenue Acc, if 2 entries are shown they must total £15,000 Cr for mark. If one is debit and one credit - 0 marks but can award £3,000 Cr in VAT. If 2 VAT entries - they must total £3,000 Cr for mark.</p> <p>If candidate has only done 1 of the 2 transactions in Sales Revenue it scores 0 in Sales Revenue but can gain 1 mark in VAT Acc eg:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 25%;">Sales Rev Acc</td> <td style="width: 25%;">£10,500 Cr - 0 Marks</td> <td style="width: 10%; text-align: center;">OR</td> <td style="width: 25%;">Sales Rev Acc</td> <td style="width: 15%;">£4,500 Cr - 0 Marks</td> </tr> <tr> <td>VAT Acc</td> <td>£2,100 Cr - 1 Consequential Mark</td> <td></td> <td>VAT Acc</td> <td>£900 Cr - 1 Consequential Mark</td> </tr> </table>	Sales Rev Acc	£10,500 Cr - 0 Marks	OR	Sales Rev Acc	£4,500 Cr - 0 Marks	VAT Acc	£2,100 Cr - 1 Consequential Mark		VAT Acc	£900 Cr - 1 Consequential Mark
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VAT Acc	£2,100 Cr - 1 Consequential Mark		VAT Acc	£900 Cr - 1 Consequential Mark							
13-May	<p>Start with VAT Account</p> <ul style="list-style-type: none"> • If there is any entry in the VAT Acc, then it is a 3 entry transaction so mark as per solution The only exception to this is if <table style="margin-left: 40px; border: none;"> <tr> <td style="width: 20%;">VAT Acc</td> <td style="width: 20%;">£18 Dr - 0 Marks</td> </tr> <tr> <td>Office Expenses</td> <td>£72 Dr - 1 Consequential Mark</td> </tr> <tr> <td>Cash Acc</td> <td>£90 Cr - 1 Mark</td> </tr> </table> • If there is NO entry in the VAT Acc, then candidate can be awarded 1 out of 3 marks for £72, £75, £90 or £108 credit entry in Cash consequentially on Office Expenses. 	VAT Acc	£18 Dr - 0 Marks	Office Expenses	£72 Dr - 1 Consequential Mark	Cash Acc	£90 Cr - 1 Mark				
VAT Acc	£18 Dr - 0 Marks										
Office Expenses	£72 Dr - 1 Consequential Mark										
Cash Acc	£90 Cr - 1 Mark										
15-May	<p>Start with Purchase Returns. Look at VAT next. It should follow the Dr or Cr entry of the first figure. Then, look at KCM Supplies Acc.</p> <ul style="list-style-type: none"> - If original transaction on 3 May treated as Sales, accept a fully consequential set of Sales Return entries for 3 marks. - If 3 May transaction treated as a Purchase but put in wrong column as a Cr then treat 15 May as standalone from 2 May. This means if candidate has subsequently entered £350 Dr in the Purchases Returns Acc it would be marked as wrong but 2 consequential marks would be awarded for £70 Dr in VAT Acc and £420 Cr in KCM Acc. This rule also applies if original entry was treated as a Sale but entered on the wrong side. - If 3 May treated as a Purchase but 15 May treated as a Sales Return, then DNA mark in Sales Returns. Consequential marks could be awarded in VAT and KCM supplies. If full amount shown (£420) in Sales Returns, then mark as per solution 										

Question

1. A (a)

Expected Response

Marks

Bank (Cash Equivalents)		Dr	Cr	Balance	
		£	£	£	
2 May	Equity	50,000		50,000	dr (1)
4 May	Cash		1,500	48,500	dr (1)
5 May	Loan	20,000		68,500	dr (1)
8 May	Sales Revenue & Vat	5,400		73,900	dr (1)

VAT		Dr	Cr	Balance	
		£	£	£	
3 May	KCM Supplies	7,000		7,000	dr (1)
7 May	Tech 2U	2,000		9,000	dr (1)
8 May	Bank/Dodson & Sons		3,000	6,000	dr (1)
13 May	Cash	15		6,015	dr (1)
15 May	KCM Supplies		70	5,945	dr (1)

Equity		Dr	Cr	Balance	
		£	£	£	
2 May	Bank		50,000	50,000	cr (1)

Purchases		Dr	Cr	Balance	
		£	£	£	
3 May	KCM Supplies	35,000		35,000	dr (1)

KCM Supplies		Dr	Cr	Balance	
		£	£	£	
3 May	Purchases & Vat		42,000	42,000	cr (1)
15 May	Purch Ret & Vat	420		41,580	cr (1)

Cash		Dr	Cr	Balance	
		£	£	£	
4 May	Bank	1,500		1,500	dr (1)
13 May	Off Expenses & Vat		90	1,410	dr (1)

Loan		Dr	Cr	Balance	
		£	£	£	
5 May	Bank		20,000	20,000	cr (1)

Expected Response

Marks

Equipment		Dr	Cr	Balance	
		£	£	£	
7 May	Tech2U	10,000		10,000	dr (1)

TECH 2U		Dr	Cr	Balance	
		£	£	£	
7 May	Equipment + VAT		12,000	12,000	cr (1)

Sales Revenue		Dr	Cr	Balance	
		£	£	£	
8 May	Bank/Dodson & Sons		£15,000	£15,000	cr (1)

Dodson & Sons		Dr	Cr	Balance	
		£	£	£	
8 May	Sales & Vat	12,600		12,600	dr (1)

Office Expenses		Dr	Cr	Balance	
		£	£	£	
13 May	Cash	75		75	cr (1)

Purchase Returns		Dr	Cr	Balance	
		£	£	£	
15 May	KCM Supplies		350	350	cr (1)

NOTE

Sales Revenue may be shown as Cr

8 May	Bank		£4,500	} (1)
8 May	Dodson & Sons		£10,500	

VAT may be shown as Cr

8 May	Bank		£900	} (1)
8 May	Dodson & Sons		£2,100	

Question	Expected Response	Max Mark	Additional Guidance																																
1. PART A (b)	<ul style="list-style-type: none"> • Can buy without need for cash/money in the bank or a loan (1) • Pay at a later date (1) • Pay in instalments (1) • Time to sell before paying (1) • Improves cash flow (1) • Improves credit score (1) • Allows Molly to gain interest as she has money in bank for longer (1) 	2	<p>Any 2 for one mark each.</p> <p>Must be benefit to Molly (the buyer) not the business (seller).</p> <p>DNA any reference to discounts as it is not specific to buying on credit.</p>																																
(c)	<ul style="list-style-type: none"> • Invoice 	1	Do not accept Copy Invoice.																																
(d)	<ul style="list-style-type: none"> • Non Current Liabilities 	1	Accept Long Term Liabilities.																																
1. PART B	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Error</th> <th style="width: 25%;">Effect</th> <th style="width: 15%;">Amount</th> <th style="width: 45%;"></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Increase</td> <td style="text-align: right;">£3,000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>2</td> <td>No Effect</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>3</td> <td>Decrease</td> <td style="text-align: right;">-£400</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>4</td> <td>No Effect</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>5</td> <td>Increase (1)</td> <td style="text-align: right;">£120</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>6</td> <td>Increase (1)</td> <td style="text-align: right;">£90</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">£2,810</td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table>	Error	Effect	Amount		1	Increase	£3,000	(1)	2	No Effect		(1)	3	Decrease	-£400	(1)	4	No Effect		(1)	5	Increase (1)	£120	(1)	6	Increase (1)	£90	(1)	Total		£2,810	(1)	9	<p>If there is a negative final total, then it must be indicated by minus sign or word "Decrease" to gain award.</p> <p>Amount column overrides Effect column eg for Error 2 if candidate has "Decrease" and 0 in each column then award mark for the 0 amount.</p>
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2. (a)	<p>Cash Budget (✓) for Rustic Comfort for April - June Year 2 1</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">April</th> <th style="text-align: center;">May</th> <th style="text-align: center;">June</th> <th></th> </tr> </thead> <tbody> <tr> <td>Opening Balance (✓)</td> <td style="text-align: right;">18,000</td> <td style="text-align: right;">34,450</td> <td style="text-align: right;">43,200</td> <td style="text-align: right;">1 for line</td> </tr> <tr> <td>Receipts (✓)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Credit Sales (£150)</td> <td style="text-align: right;">45,000 3</td> <td style="text-align: right;">54,000 1</td> <td style="text-align: right;">58,500</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Cash Sales (£120)</td> <td style="text-align: right;">28,800 3</td> <td style="text-align: right;">31,200 1</td> <td style="text-align: right;">38,400</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Sale of Delivery Vans</td> <td style="text-align: right;">9,000 1</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Receipts</td> <td style="text-align: right; 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border-top: 1px solid black;">66,350</td> <td style="text-align: right; border-top: 1px solid black;">76,450</td> <td style="text-align: right; border-top: 1px solid black;">82,150</td> <td></td> </tr> <tr> <td>Closing Balance (✓)</td> <td style="text-align: right;">34,450</td> <td style="text-align: right;">43,200</td> <td style="text-align: right;">57,950</td> <td style="text-align: right;">1</td> </tr> </tbody> </table>		April	May	June		Opening Balance (✓)	18,000	34,450	43,200	1 for line	Receipts (✓)					Credit Sales (£150)	45,000 3	54,000 1	58,500	1	Cash Sales (£120)	28,800 3	31,200 1	38,400	1	Sale of Delivery Vans	9,000 1				Total Receipts	82,800	85,200	96,900		Payments (✓)					Materials	24,800 2	28,000 ←→ 30,000		1	Labour	25,200 1	27,000 1	28,800	1	Overtime		900 ←→ 900		2	Variable Overheads	7,500 2	8,000 ←→ 9,500		1	Fixed Costs	4,000 ←→ 4,000 1	4,400		1	New Delivery Vans	2,600 1	5,850 ←→ 5,850		2	Rent	2,250 1	2,700 ←→ 2,700		1	Total Payments	66,350	76,450	82,150		Closing Balance (✓)	34,450	43,200	57,950	1	32 marks	<ul style="list-style-type: none"> • For heading/layout mark: <ul style="list-style-type: none"> - just needs words 'Cash Budget' and Apr, May, June columns - must have headings for 'money in' and 'money out' - must have Op & Cl Balance labels - no extraneous items, ie units • Accept Opening Balance added to Receipts subtotal eg <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">April</td> <td style="padding-right: 20px;">May</td> <td>June</td> </tr> <tr> <td style="padding-right: 20px;">100,800</td> <td style="padding-right: 20px;">119,650</td> <td>140,100</td> </tr> </table> • If Sales units used for production calcs - no award each time • Credit Sales for April: $500 (1) * 60\% (1) * £150 (1) = 45,000$ See Alternative Solution Sheet for consequentiality • Cash Sales for April: $600 (1) * 40\% (1) * (150 - 30 = 120 (1)) = 28,800$ See Alternative Solution Sheet for consequentiality • Overtime is 2 marks for BOTH figures of 900 in May & June If there is 1 error across line, 1 mark can be awarded eg: <ul style="list-style-type: none"> - 1 figure of 900 shown in May or June - 1 mark - 1 figure of 900 shown in April - 0 marks - 2 figures of 36, 50, or 450 shown in May & June - 1 mark - 2 figures of 36, 50, or 450 shown in April & May - 0 marks - If any other wrong figure(s) and no working - 0 marks. • April's Material and Variable Overheads is 2 marks all or nothing • New Van for May & June is consequential on deposit in April • If May incorrect, June is consequential if same figure - 1 mark • If done as a list, do not award marks for: <ul style="list-style-type: none"> - Heading/Layout - Opening Balance - Closing Balance - Sale of Delivery Van - First mark of Fixed Costs - First mark of Rent (DNA 6 marks in total). 	April	May	June	100,800	119,650	140,100
	April	May	June																																																																																											
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	April	May	June	
Credit	45,000 (3)	54,000 (1)	58,500 (1)	Correct Figure
Sales	97,500 (1)	120,000 (1)	135,000 (1)	Went forward a month AND didn't multiply by 60%
	90,000 (1)	97,500 (1)	120,000 (1)	Didn't go back a month AND didn't multiply by 60%
	78,000 (0)	96,000 (1)	108,000 (1)	Went forward a month and discounted by 20% and didn't multiply by 60%
	75,000 (2)	90,000 (1)	97,500 (1)	Didn't multiply by 60%
	72,000 (0)	78,000 (1)	96,000 (1)	Didn't go back a month and discounted by 20% and didn't multiply by 60%
	60,000 (1)	72,000 (1)	78,000 (1)	Didn't multiply by 60% AND dicounted by 20%
	58,500 (2)	72,000 (1)	81,000 (1)	Went forwards instead of back a month
	54,000 (2)	58,500 (1)	72,000 (1)	Didn't go back a month
	46,800 (1)	57,600 (1)	64,800 (1)	Went forward a month and discounted by 20%
	43,200 (1)	46,800 (1)	57,600 (1)	Didn't go back a month and discounted by 20%
	39,000 (1)	48,000 (1)	54,000 (1)	Went forward a month AND multiplied by 40% instead of 60%
	36,000 (2)	43,200 (1)	46,800 (1)	Discounted by 20%
	36,000 (1)	39,000 (1)	48,000 (1)	Didn't go back a month AND multiplied by 40% instead of 60%
	31,200 (0)	38,400 (1)	43,200 (1)	Went forward a month and discounted by 20% and multiplied by 40%
	30,000 (2)	36,000 (1)	39,000 (1)	Multiplied by 40% instead of 60%
	28,800 (0)	31,200 (1)	38,400 (1)	Didn't go back a month and discounted by 20% and multiplied by 40%
	24,000 (1)	28,800 (1)	31,200 (1)	Multiplied by 40% instead of 60% AND discounted by 20%
	19,500 (0)	24,000 (0)	27,000 (1)	Went forward a month and discounted by 80% and didn't multiply by 60%
	18,000 (0)	19,500 (0)	24,000 (1)	Didn't go back a month and discounted by 80% and didn't multiply by 60%
	15,000 (0)	18,000 (1)	19,500 (1)	Didn't multiply by 60% AND dicounted by 80%
	11,700 (0)	14,400 (1)	16,200 (1)	Went forward a month and discounted by 80%
	10,800 (0)	11,700 (1)	14,400 (1)	Didn't go back a month and discounted by 80%
	9,000 (1)	10,800 (1)	11,700 (1)	Discounted by 80%
	7,800 (0)	9,600 (0)	10,800 (1)	Went forward a month and discounted by 80% and multiplied by 40%
	7,200 (0)	7,800 (0)	9,600 (1)	Didn't go back a month and discounted by 80% and multiplied by 40%
	6,000 (0)	7,200 (1)	7,800 (1)	Multiplied by 40% instead of 60% AND discounted by 80%

	April	May	June		
Cash	28,800 (3)	31,200 (1)	38,400 (1)	Correct figures	} If candidate has shifted a month, DNA 1 more mark from marks shown.
Sales	72,000 (2)	78,000 (1)	96,000 (1)	Didn't multiply by 40%	
	36,000 (2)	39,000 (1)	48,000 (1)	Didn't discount by 20%	
	43,200 (2)	46,800 (1)	57,600 (1)	Multiplied by 60% instead of 40%	
	7,200 (1)	7,800 (1)	9,600 (1)	Discounted by 80% instead of discounting 20%	
	90,000 (1)	97,500 (1)	120,000 (1)	Didn't discount by 20% or multiply by 40%	
	54,000 (1)	58,500 (1)	72,000 (1)	Didn't discount by 20% and multiplied by 60%	
	10,800 (0)	11,700 (1)	14,400 (1)	Multiplied by 60% and discounted by 80%	
	18,000 (0)	19,500 (1)	24,000 (1)	Didn't multiply by 40% and discounted by 80%	
Material	28,000 (0)	30,000 ↔ 32,000 (1)			
	30,000 (0)	32,000 ↔ 38,000 (1)			
Labour	2,800 (0)	3,000 (1)	3,200 (1)		
	8,400 (0)	9,000 (0)	9,600 (1)		
	2,100 (0)	2,250 (0)	2,400 (1)		
Var OH	7,000 (0)	7,500 ↔ 8,000 (1)			
	6,200 (0)	7,000 ↔ 7,500 (1)			

If using the Alternative Solution marks can only be awarded if line is correct in its entirety eg

	April	May	June
Cash Sales	72,000 (0)	78,000 (0)	106,000 (0)
Labour	2,600 (0)	3,000 (0)	3,200 (0)

These examples score 0 marks across the line despite 2 entries being correct as per alternative solution.

Question	Expected Response	Max Mark	Additional Guidance
2. (b) (i)	The level of output where a business makes neither a profit nor a loss. The point where all costs are covered. Total Costs equal Sales Revenue.	1 Mark	
2. (b) (ii)	The number of units above the Break Even point. The amount in sales value above the Break Even point.	1 Mark	
2. (b) (iii)	Costs not directly linked to production of a product/department/cost centre. Ignore any reference to examples.	1 Mark	DNA "Costs which are not Direct" on its own - must have reference to production.

Question 3 - General Instructions

1. Nomenclature

To gain award, figures must have reasonable nomenclature eg DNA layout award for:

- Provision for Bad Debts labelled as Trade Receivables
- Provision for Bad Debts labelled just as “Bad Debts”
- Provision for Depreciation labelled as Equipment (Depreciation on its own is acceptable)

NOTE - if figure didn't gain award in first instance, then ignore wrong nomenclature in the layout mark.

If wrong/missing nomenclature on individual entries - DNA award to max of 1. Ignore thereafter.

2. For a mark to be awarded it must be the correct effect (a wrong effect like adding Closing Inventory would get no award - but does not affect the Arithmetic mark).

3. Layout

- Need to have "for the year ended" with date (must have year). Name of firm not needed.
- Layout must have inclusion of ticked labels and no extraneous/SOFP labels.
Although other headings are not required, do not award if they are clearly wrong (ie Less Expenses called Current Liabilities).
- If candidate has made no attempt at calculating a Profit for the Year, then it is impossible for them to give the Profit for the Year label.
In this instance award 1 mark for Layout for just having the Gross Profit label.
- Accept Other Income before Expenses

4. Arithmetic

For correct arithmetic, subtotals are treated correctly (eg if Cost of Sales added to Sales Revenue - DNA)

5. Extraneous

- If there is only £2,000 for Provision for Depreciation in Income Statement then it is wrong, but not extraneous.
- If there are 2 depreciation figures or 1 figure of £3,000 shown, then DNA depreciation mark. Again, £2,000 is not extraneous.

- If there is more than 4 extraneous items in the Income Statement, then the following applies:
 - Mark the question as normal eg candidate has scored 14/15 and was not awarded the extraneous mark.
 - If the candidate has more than 4 extraneous items, then count up how many extraneous items they have eg 5 extraneous.
 - Divide the number of extraneous items by 2 and **round down** if needed eg 5 divided by 2 is 2 (rounded down)
 - Do not award the last 2 marks eg this candidate now scores 12/15

Follow the table below:

5 extraneous	DNA 2 marks and the extraneous award
6 extraneous	DNA 3 marks and the extraneous award
7 extraneous	DNA 3 marks and the extraneous award
8 extraneous	DNA 4 marks and the extraneous award

The following items are extraneous:

- VAT
- Trade Payables
- Trade Receivables
- Other Payables
- Equipment
- Cash & Cash Equivalents
- Equity
- Drawings

6. Layout & Arithmetic/Extraneous Awards

To gain the "No Extraneous" award the candidate has to have completed at least 5 entries.

To gain the Layout & Arithmetic award the candidate has to have completed at least 1 piece of arithmetic.

Question	Expected Response	Max Mark	Additional Guidance
4. (a)	<p>Gross Profit Ratio $\frac{£68,000 \times 100}{£200,000}$ 34.00% (1)</p> <p>Profit for the Year Ratio $\frac{£46,000 \times 100}{£200,000}$ 23.00% (1)</p> <p>Expenses Ratio $\frac{£22,000 \times 100}{£200,000}$ 11.00% (1)</p>	3	If % label missing - DNA once only.
4. (b) (i)	<p>Sales £240,000</p> <p> 28%</p> <p>Gross Profit <u>£67,200</u> (1)</p>	1	For remainder of question, ignore missing £ signs If Year 2 figures used throughout (b) then no award each time.
4. (b) (ii)	<p>Sales - Gross Profit = Cost of Sales</p> <p>£240,000 - £67,200 = £172,800 (1)</p>	1	Answer may be consequential on GP figure
4. (b) (iii)	<p>Sales £240,000</p> <p> 17%</p> <p>Profit for the Year <u>£40,800</u> (1)</p>	1	
4. (b) (iv)	<p>Gross Profit - PFY = Expenses</p> <p>£67,200 - £40,800 = £26,400 (1)</p>	1	Gross Profit and Profit for the Year figures may be consequential
4. (b) (v)	<p>Profit for the Year ÷ 30% = Opening Equity</p> <p>£40,800 ÷ 30% = £136,000 (2)</p> <p>OR</p> <p>£40,800 x $\frac{100}{30}$ = £136,000 (2)</p>	2	Profit for the Year figure may be consequential The 2 mark award is all or nothing. Must divide PFY by 30%.

4. (c)	<p>Credit Sales</p> $\begin{array}{r} \text{£240,000} \quad \times \quad 80\% \quad = \quad \text{£192,000} \quad (1) \\ \hline \text{54.75} \quad \times \quad \text{£192,000} \quad = \quad \text{£28,800} \quad (2) \\ \text{365} \end{array}$	3	The second part of the answer is 2 marks all or nothing unless arithmetic error in calculation which can be awarded 1 mark.
4. (d) (i)	<p>Gross Profit Ratio</p> <ul style="list-style-type: none"> • Increase Selling Price • Reduce Cost of Sales • Find a cheaper supplier 	1	<p>1 mark for correct suggestion</p> <p>DNA - Sell more DNA - Higher Gross Profit</p>
4. (d) (ii)	<p>Trade Receivables Collection Period</p> <ul style="list-style-type: none"> • Offer cash/prompt payment discount • Reduce credit terms offered • Better credit control 	1	<p>1 mark for correct suggestion</p> <p>DNA - Trade Discount "Offer Discounts" on its own - 0 marks must have some reference to "quicker" payments</p> <p>DNA increase/decrease amount of credit sales - there must be a method</p>
4. (d) (iii)	<p>Return on Equity Employed</p> <ul style="list-style-type: none"> • Increase selling price/increase sales • Reduce expenses • Use a cheaper supplier • Reduce Cost of Sales • Reduce Equity 	1	<p>1 mark for correct suggestion</p> <p>DNA - Higher Profit for the Year Do not accept same suggestion as (i)</p>

Question	Expected Response		Max Mark	Additional Guidance																																																																	
5. (a)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Dr</th> <th style="width: 20%; text-align: center;">Cr</th> </tr> </thead> <tbody> <tr><td>Equipment</td><td style="text-align: right;">£123,000</td><td></td></tr> <tr><td>Property</td><td style="text-align: right;">£300,000</td><td></td></tr> <tr><td>Sales Revenue</td><td></td><td style="text-align: right;">£185,100</td></tr> <tr><td>Purchases</td><td style="text-align: right;">£98,300</td><td></td></tr> <tr><td>Office Expenses</td><td style="text-align: right;">£11,100</td><td></td></tr> <tr><td>General Expenses</td><td style="text-align: right;">£7,900</td><td></td></tr> <tr><td>Cash & Cash Equivalents</td><td style="text-align: right;">£23,200</td><td></td></tr> <tr><td>Drawings</td><td style="text-align: right;">£16,500</td><td></td></tr> <tr><td>VAT</td><td></td><td style="text-align: right;">£6,600</td></tr> <tr><td>Heat & Light</td><td style="text-align: right;">£9,800 (1)</td><td></td></tr> <tr><td>Closing Inventory</td><td style="text-align: right;">£12,000 (1)</td><td></td></tr> <tr><td>Provision for Depreciation of Equipment</td><td></td><td style="text-align: right;">£18,500 (1)</td></tr> <tr><td>Trade Payables</td><td></td><td style="text-align: right;">£39,000 (1)</td></tr> <tr><td>Rent</td><td style="text-align: right;">£28,400 (1)</td><td></td></tr> <tr><td>Carriage In</td><td style="text-align: right;">£3,200 (1)</td><td></td></tr> <tr><td>Discount Received</td><td></td><td style="text-align: right;">£1,900 (1)</td></tr> <tr><td>Bad Debts</td><td style="text-align: right;">£2,400 (1)</td><td></td></tr> <tr><td>Loan</td><td></td><td style="text-align: right;">£30,000 (1)</td></tr> <tr><td>Purchases Returns</td><td></td><td style="text-align: right;">£4,700 (1)</td></tr> <tr><td>Equity</td><td></td><td style="text-align: right;">£350,000 (2)</td></tr> <tr><td></td><td style="text-align: right; border-top: 1px solid black;">£635,800</td><td style="text-align: right; border-top: 1px solid black;">£635,800 (1)</td></tr> </tbody> </table>		Dr	Cr	Equipment	£123,000		Property	£300,000		Sales Revenue		£185,100	Purchases	£98,300		Office Expenses	£11,100		General Expenses	£7,900		Cash & Cash Equivalents	£23,200		Drawings	£16,500		VAT		£6,600	Heat & Light	£9,800 (1)		Closing Inventory	£12,000 (1)		Provision for Depreciation of Equipment		£18,500 (1)	Trade Payables		£39,000 (1)	Rent	£28,400 (1)		Carriage In	£3,200 (1)		Discount Received		£1,900 (1)	Bad Debts	£2,400 (1)		Loan		£30,000 (1)	Purchases Returns		£4,700 (1)	Equity		£350,000 (2)		£635,800	£635,800 (1)	10	<p>If candidate has not included the shaded figures in the Trial Balance Totals, DNA mark for totals in (c).</p> <p>Equity (1) for calculation and (1) for entry in correct column</p>
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5. (d)	<p>Omission (1) Commission (1) Principle (1) Original entry (1) Compensating (1) Complete reversal (1) Accept reversal on its own</p>		2	<p>1 mark for each error clearly named.</p> <p>DNA any description without the name.</p> <p>(Any 2 from 6)</p>																																																																	

Question	Expected Response					Max Mark	Additional Guidance																																		
6. (a) (i)	Total labour hours to meet the current demand <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 15%; text-align: center;">Round</th> <th style="width: 15%; text-align: center;">Oval</th> <th style="width: 15%; text-align: center;">Square</th> <th style="width: 15%;"></th> <th style="width: 10%; text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Hours required to produce 1 cake</td> <td style="text-align: center;">2</td> <td style="text-align: center;">5</td> <td style="text-align: center;">3</td> <td></td> <td></td> </tr> <tr> <td>Current demand</td> <td style="text-align: center;">2,500</td> <td style="text-align: center;">1,200</td> <td style="text-align: center;">900</td> <td></td> <td></td> </tr> <tr> <td>Total hours required</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">2,700</td> <td style="text-align: center;">1</td> <td style="text-align: center;">13,700 hours</td> </tr> </tbody> </table>						Round	Oval	Square		Total	Hours required to produce 1 cake	2	5	3			Current demand	2,500	1,200	900			Total hours required	5,000	6,000	2,700	1	13,700 hours	3	Ignore labels throughout the question Watch consequentiality throughout the question										
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6. (c) (i)	<table style="width:100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 20%;">Hours allocated to Square</td> <td style="width: 15%;">3 hrs x</td> <td style="width: 15%;">900 units =</td> <td style="width: 15%;">2,700</td> <td rowspan="2" style="border-left: 1px solid black; border-right: 1px solid black; text-align: center; vertical-align: middle;">} 1</td> <td></td> </tr> <tr> <td>Hours allocated to Round</td> <td>2 hrs x</td> <td>2,500 units =</td> <td>5,000</td> </tr> <tr> <td>Hours allocated to Oval</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hours available =</td> <td style="text-align: center;">11,200</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hours used for Square and Round</td> <td style="text-align: center;">7,700</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hours left for Oval</td> <td style="text-align: center;">3,500</td> <td></td> <td></td> <td></td> <td style="text-align: center;">1</td> </tr> </tbody> </table>					Hours allocated to Square	3 hrs x	900 units =	2,700	} 1		Hours allocated to Round	2 hrs x	2,500 units =	5,000	Hours allocated to Oval						Hours available =	11,200					Hours used for Square and Round	7,700					Hours left for Oval	3,500				1	2	
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6. (c) (ii)	Profit Maximisation	Round	Oval	Square	Total		
	Contribution per unit	£80	£175	£135			
	Units produced	2,500	700	900			
	Total Contribution	£200,000	£122,500	£121,500	1	£444,000	1
	Less Fixed Costs					£168,000	
	Maximum Profit					£276,000	1
	OR						
	Contribution per labour hour	£40	£35	£45			
	labour hours allocated	5,000	3,500	2,700			
	Total Contribution	£200,000	£122,500	£121,500	1	£444,000	1
	Less Fixed Costs					£168,000	
	Maximum Profit					£276,000	1
	OR						
	Sales Revenue	£350,000	£185,500	£171,000			
	Less Variable Costs	£150,000	£63,000	£49,500			
	Total Contribution	£200,000	£122,500	£121,500	1	£444,000	1
						£168,000	
						£276,000	1

Correct answer and no working - award full marks

If mix and match between Hours x CPU & units x CPH no award each time.

4

If wrong calculations, no award each time for first 2 marks eg adding Selling Price to Variable cost to get CPU of £200 instead of £80

[END OF MARKING INSTRUCTIONS]