



National  
Qualifications  
2019

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# **2019 Accounting**

## **Higher**

### **Finalised Marking Instructions**

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## General marking principles for Higher Accounting

*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) Always follow through consequentiality subsequent to a calculative error and give credit for any errors in subsequent calculations or working.
- (d) Mark scored out or erased working which has not been replaced, where still legible. However, if the scored out or erased working has been replaced, mark only the work which has not been scored out.
- (e) For **state** questions, candidates must list a number of relevant items or facts. These must relate to the context of the question and do not need to be in any particular order.

Up to the total mark allocation for this question

- award **1 mark** for each relevant item or fact.

- (f) For **describe** questions, candidates must make a number of relevant factual points, which may be characteristics and/or features, as appropriate to the question asked. These points may relate to a concept, process or situation. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- award **1 mark** for each relevant factual point
- award **1 mark** for any further development of a relevant point, including exemplification when appropriate.

- (g) For **analyse** questions, candidates must demonstrate their ability to identify, describe and explain relevant parts and the relationships between the parts and/or the whole. Candidates must be able to draw out and relate any implications.

Up to the total mark allocation for this question

- award **1 mark** for each relevant point of analysis
- award **1 mark** for any further development of a relevant point, including exemplification when appropriate.

## Marking instructions for each question

### Section 1

Question			Expected response			Max mark	Additional guidance																																																																											
1.	(a)		<p><b>Job Cost Statement for Job 99 ✓</b></p> <table><tr><td></td><td>£</td><td></td><td>£</td><td></td></tr><tr><td>Direct Materials</td><td></td><td></td><td></td><td></td></tr><tr><td>Material X (5,000 kg @ £10 per kg)</td><td>50,000</td><td>✓*</td><td></td><td></td></tr><tr><td>Material Y (2,500 kg @ £8 per kg)</td><td>20,000</td><td>(1)</td><td></td><td></td></tr><tr><td>Material Z (1,000 kg @ £30 per kg)</td><td><u>30,000</u></td><td>(1)*</td><td>100,000</td><td></td></tr><tr><td>Direct Labour</td><td></td><td></td><td></td><td></td></tr><tr><td>Dept A (24,000 x (3/6) @ £12)</td><td>144,000</td><td>(1)</td><td></td><td></td></tr><tr><td>Dept B (24,000 hrs x (2/6) @£8)</td><td>64,000</td><td>(1)</td><td></td><td></td></tr><tr><td>Dept C 24,000 x (1/6) @ £10)</td><td><u>40,000</u></td><td>(1)</td><td><u>248,000</u></td><td></td></tr><tr><td>PRIME COST ✓</td><td></td><td></td><td>348,000</td><td></td></tr><tr><td>Overheads</td><td></td><td></td><td></td><td></td></tr><tr><td>24,000 hrs x £3 per hour</td><td></td><td></td><td><u>72,000</u></td><td>(1)</td></tr><tr><td>TOTAL COST</td><td></td><td></td><td>420,000</td><td></td></tr><tr><td>Profit margin (420,000/70) x 30</td><td></td><td></td><td><u>180,000</u></td><td>(2)</td></tr><tr><td>SELLING PRICE ✓</td><td></td><td></td><td><u><u>600,000</u></u></td><td></td></tr></table> <p>Heading, labels and arithmetic (1)</p>				£		£		Direct Materials					Material X (5,000 kg @ £10 per kg)	50,000	✓*			Material Y (2,500 kg @ £8 per kg)	20,000	(1)			Material Z (1,000 kg @ £30 per kg)	<u>30,000</u>	(1)*	100,000		Direct Labour					Dept A (24,000 x (3/6) @ £12)	144,000	(1)			Dept B (24,000 hrs x (2/6) @£8)	64,000	(1)			Dept C 24,000 x (1/6) @ £10)	<u>40,000</u>	(1)	<u>248,000</u>		PRIME COST ✓			348,000		Overheads					24,000 hrs x £3 per hour			<u>72,000</u>	(1)	TOTAL COST			420,000		Profit margin (420,000/70) x 30			<u>180,000</u>	(2)	SELLING PRICE ✓			<u><u>600,000</u></u>		9	<p>*1 mark for X and Z 1 mark for Y</p> <p>If machine hours included, maximum 1 mark awarded for correct labour figures.</p> <p>If VAT added before margin, award maximum 1 mark for profit margin. If VAT shown after profit margin - ignore.</p>
	£		£																																																																															
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Question			Expected response								Max mark	Additional guidance	
	(b)	(i)	Overhead Analysis Statement/Sheet ✓								16	If 1 arithmetic error award 2 marks, if 2 errors award 1 mark, if 3 or more errors award 0 marks in any one line.	
		Overhead		Basis	Total	Dept A £	Dept B £	Dept C £	Dept D £	Dept E £			Marks
		Indirect labour		Allocated	£81,800	£30,000	£13,100	£18,700	£12,300	£7,700			1 (line)
		Depreciation of machinery		Value	£72,000	18,000	16,000	24,000	8,000	6,000			(3)
		Heat and light		Area	£104,000	40,000	20,000	34,000	6,000	4,000			(3)
		Factory admin		Employees	£9,000	4,000	1,600	2,400	400	600			(3)
		Machinery running costs		Mach Hrs	£150,000	54,000	51,000	36,000	6,000	3,000			(3)
		Rent and rates		Area	£26,000	10,000	5,000	8,500	1,500	1,000			(3)
		Total Departmental Overheads			£442,800	£156,000	£106,700	£123,600	£34,200	£22,300			✓
		(ii)	Dept D		Dir Lab Hr		15,000	7,200	10,800	(34,200)	1,200	(3)	3
						£171,000	£113,900	£134,400	-	£23,500			
		(iii)	Dept E		Dir Mch Hr		9,000	8,500	6,000		(23,500)	(2)	
		Total Production Dept Overheads				£180,000	£122,400	£140,400			✓		
		Correctly headed up statement, arithmetic totals for department overheads in (b)(i) and production department overheads in (b)(ii) & (iii)										(1)	

Question			Expected response	Max mark	Additional guidance																																				
	(c)	(i)	<p><b>Overhead absorption rates</b></p> <p>Dept A - £180,000/50,000 = £3·60 per labour hour (1)</p> <p>Dept B - £122,400/34,000 = £3·60 per machine hour (1)</p> <p>Dept C - £140,400/36,000 = £3·90 per labour hour (1)</p>	3	If £ missing, do not award first mark only.																																				
		(ii)	<table><tr><td></td><td>A</td><td></td><td>B</td><td></td><td>C</td><td></td><td>TOTAL</td><td>Marks</td></tr><tr><td>Overheads applied (dept rates)</td><td>£43,200</td><td>(1)</td><td>£45,360</td><td>(1)</td><td>£15,600</td><td>(1)</td><td>£104,160</td><td></td></tr><tr><td>Factory-wide basis</td><td></td><td></td><td></td><td></td><td></td><td></td><td>£72,000</td><td>(1)</td></tr><tr><td>Increase *</td><td></td><td></td><td></td><td></td><td></td><td></td><td>£32,160</td><td>(1)</td></tr></table>		A		B		C		TOTAL	Marks	Overheads applied (dept rates)	£43,200	(1)	£45,360	(1)	£15,600	(1)	£104,160		Factory-wide basis							£72,000	(1)	Increase *							£32,160	(1)	5	* Increase or decrease must be indicated to gain final mark.
	A		B		C		TOTAL	Marks																																	
Overheads applied (dept rates)	£43,200	(1)	£45,360	(1)	£15,600	(1)	£104,160																																		
Factory-wide basis							£72,000	(1)																																	
Increase *							£32,160	(1)																																	
	(d)		If overheads are underabsorbed, then <b>profits will be reduced.</b> (as the selling price charged to customers may not cover all of the costs incurred by the business during the year) (1)	1																																					

Question			Expected response					Max mark	Additional guidance
<b>2. PART A</b>								<b>9</b>	
	(a)	(i)	<b>Year 10</b>	<b>Product A</b>	<b>Product B</b>	<b>Product C</b>			<p>If hours worked out for each product but not totalled, or if an arithmetic error award <b>1 mark</b>.</p> <p>If an arithmetic error award <b>1 mark</b>.</p>
			Machine hours per unit	3	4	2			
			Current sales demand	1,000	4,000	3,500			
			Total machine hours	3,000	16,000	7,000	26,000	(2)	
		(ii)	<b>Contribution per unit</b>	<b>Product A</b>	<b>Product B</b>	<b>Product C</b>	<b>Total</b>		
			Selling Price	£120	£90	£106			
			Less Variable Costs -						
			Materials	£15	£9	£12	(1)		
			Labour	£36	£12	£36	(1)		
			Variable Overheads	£15	£5	£15	(1)		
				£66	£26	£63			
			Contribution per unit	£54	£64	£43	(1)		
		(iii)	Total Contribution	£54,000	£256,000	£150,500	£460,500	(2)	
			Less Fixed Costs				£70,000	(1)	
			Profit				£390,500		

Question			Expected response					Max mark	Additional guidance	
	(b)	(i)	<b>Year 11</b>					<b>9</b>	If no attempt to use limiting factor then award marks for correct hours (i) and fixed costs and profit (iii).  If 1 error award <b>1 mark</b> .	
			Capacity at Year 10 80%		26,000	hours				
			100% capacity (26,000/80 x 100)		32,500	hours	<b>(1)</b>			
			<b>Product A</b>	<b>Product B</b>	<b>Product C</b>					
	(ii)		Contribution per unit		£54.00	£64.00	£43.00			
			Machine hours per unit		3	4	2			
			Contribution per machine hour		£18.00	£16.00	£21.50 <b>(2)</b>			
			Order of Priority		2	3	1			
			Allocation of machine hours:		<b>Qty</b>	<b>Hrs per unit</b>	<b>Total</b>			<b>Hours remaining</b>
			Hours available at full capacity							32,500
			Allocate Product C		5,000	2	10,000	22,500		
			Allocate Product A		4,000 <b>(1)</b>		12,000	10,500		
			Possible production of Product B (10,500/4)		2,625 <b>(2)</b>	4	10,500			
			<b>Product A</b>	<b>Product B</b>	<b>Product C</b>		<b>Total</b>			
	(iii)		Contribution per unit		£54	£64	£43			
			Number of units		4,000	2,625	5,000			
			Total Contribution		£216,000	£168,000	£215,000	£599,000 <b>(2)*</b>		
			Less Fixed Costs					£80,500		
	(iv)		Profit					<u>£518,500</u> <b>(1)</b>		

Question			Expected response					Max mark	Additional guidance	
	(c)		<i>Year 12 Proposal</i>					6	If no attempt to use limiting factor in (b) then award marks for revised contribution per unit and total contribution for Product A and the fixed costs and profit - maximum 3 marks.	
			Product A							
			Revised Contribution per unit		£51 (1)					
			Revised Contribution per m/hr		£17					
			Order of Priority		C, A, B					
			Allocation of machine hours		Qty	Hrs per unit	Total			Hours remaining
			Hours available at full capacity							32,500
			Allocate Product C		5,000	2	10,000			22,500
			Allocate Product A		4,400	3	13,200			9,300
			Possible production of Product B (9300/4)		2,325	(2)	4			



Question			Expected response				Max mark	Additional guidance
			<b>ALTERNATIVE SOLUTIONS</b>					
			<b>1</b>					
			Product A new Contribution	£51		(1)		
			Contribution per machine hour	£17				
			Additional Contribution for 400 units of A	400 x £51 or *1,200 x £17	20,400	(1)		
			Reduction in Contribution from 4,000 units of A	4000 x (54-51)	12,000	(1)		
			Reduction in Contribution from B	*1,200 (1) hours x £16 or 300 units x £64	19,200	(1)		
			Original Profit		518,500			
			Reduction	(+20,400-12,000-19,200)	10,800			
			Revised Profit		507,700	(1)		
			<b>2</b>					
			Product A new Contribution	£51		(1)		
			Loss of Contribution from Product A	4000 units x £54	216,000	(1)		
			Increase in Contribution from revised Product A	4400 units x £51	224,000	(1)		
			Reduction in Contribution from B	1,200 (1) hours x £16 or 300 units x £64	19,200	(1)		
			Original Profit		518,500			
			Reduction	(-216,000+224,000-19,200)	10,800			
			Revised Profit		507,700	(1)		
	(d)		Advise Newben plc not to implement the proposal in Year 12 as the profit would be lower. (1)				1	

Question			Expected response										Max mark	Additional guidance
2. PART B													9	If complete reversal or not shown as an account, award half marks.  If nomenclature error, do not award <b>1 mark</b> maximum on first occasion.  If any quantity is entered other than materials, do not award mark.  Normal loss must be based on input <b>material</b> quantity.  If CPU is calculated correctly and applied to both Finished Goods and Abnormal Loss but Balance is incorrect, award <b>1 mark</b> .
	(a)	(i)	<u>Mixing Process Account ✓</u>											
		Details	INPUTS			OUTPUTS			BALANCE					
			Qty	CPU	£	Qty	CPU	£	Qty	CPU	£			
		Materials from Refining	4,000	£5	£20,000	(1)			4,000	£5·00	£20,000			
		Additional Materials	2,000	£2	£4,000	(2)			6,000	£4·00	£24,000			
		Labour			£36,000	(1)			6,000	£10·00	£60,000			
		Variable Overheads			£15,000	(1)			6,000	£12·50	£75,000			
		Fixed Overheads			£6,000				6,000	£13·50	£81,000			
		Normal Loss				300	£4·00	£1,200	(1)	5,700	£14·00	£79,800		
		Closing Work-in-progress				500	£3·60	£1,800	(1)	5,200	£15·00	£78,000		
		Transfer to Stores				5,000	£15·00*	£75,000	*(2)	200	£15·00	£3,000		
		Abnormal Loss				200	£15·00*	£3,000	**	0	0	£0		

Question			Expected response										Max mark	Additional guidance	
		(ii)	<b><u>Abnormal Loss Account ✓</u></b>										3		
			Details		INPUTS			OUTPUTS			BALANCE				
				Qty	CPU	£	Qty	CPU	£	Qty	CPU	£			
			Transfer from Mixing	200	£15	£3,000	** (1)			200	£15	£3,000			
			Cash and Cash Equiv				200	£4.00	£800	] (1)		£2,200			
			Income Statement						£2,200		0	0			£0
			Account names, running balance and no arithmetical errors in balance column. (1)												
	(b)	(i)	Process Costing consists of a succession of continuous operations or processes. (1) Each process represents a different stage of manufacture. (1) The output of one process becomes the input of another. (1) This continues until the units are complete and are transferred to a Finished Goods account. (1)										1		
		(ii)	Normal loss is anticipated whereas Abnormal loss is unexpected. (1) Normal loss is valued at 0 or scrap value whereas Abnormal loss is valued at the good output value. (1) Normal loss cannot be avoided whereas Abnormal loss is a loss which is over and above the normal loss. (1)										2		

Question			Expected response					Max mark	Additional guidance
3.	(a)	(i)	<b>Manufacturing Account for Year Ended 31 December Year 3 ✓</b>					13	<p>If direct costs or factory overheads deducted but indicated as add, treat as arithmetical error.</p> <p>If factory overheads indicated less or no indication and subtracted, award marks where possible and divide by 2.</p> <p><b>2 marks</b> for all 4 factory costs. If one cost incorrect or missing award <b>1 mark</b>. 2 or more costs missing or incorrect no marks.</p> <p>If labelled profit on manufacture and negative figure shown, <b>ACCEPT</b>.</p>
				£000		£000			
			Opening inventory of raw materials			80	✓		
			Purchase of raw materials	200	✓				
			Carriage in on raw materials	3	(1)	203			
						283			
			Closing inventory of raw materials			60	(1)		
			<b>COST OF RAW MATERIALS CONSUMED ✓</b>			223			
			<b>Add Direct Costs</b>						
			Production wages	120	(1)				
			Royalties	5	(1)	125			
			<b>PRIME COST ✓</b>			348			
			<b>Add Factory Overheads</b>						
			Rates ((33 + 7) x 80%)	32	(1)				
			Management salaries (60 x 75%)	45	(1)				
			Factory indirect labour	111					
			Factory (indirect) power	10					
			Repairs to factory machinery	14					
			Factory heat and light	23	(2)				
			Depreciation of factory machinery (630 - 200) x 20%	86	(1)				
			Factory cleaning (30/15 x 12)	24	(1)	345			
						693			
			Opening inventory of work in progress			45	✓		
						738			
			Closing inventory of work in progress			15	(1)		
			<b>FACTORY COST OF PRODUCTION ✓</b>			723			
			Profit on manufacture			277			
			<b>MARKET VALUE OF FINISHED GOODS ✓</b>			1,000	(1)		
			<b>Heading, labels, arithmetic (1)</b>						

Question			Expected response						Max mark	Additional guidance																																																																																															
		(ii)	<table><tr><td colspan="6"><b>Income Statement for Year Ended 31 December Year 3 ✓</b></td><td></td></tr><tr><td>Sales revenue</td><td></td><td></td><td></td><td>1,950</td><td>✓</td><td></td><td></td></tr><tr><td>Cost of sales</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Opening Inventory of finished goods</td><td></td><td></td><td>110</td><td></td><td>✓</td><td></td><td></td></tr><tr><td>Add Market Value of finished goods</td><td></td><td></td><td><u>1,000</u></td><td></td><td>(1)</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>1,110</td><td></td><td></td><td></td><td></td></tr><tr><td>Less Closing Inventory of finished goods</td><td></td><td></td><td><u>90</u></td><td></td><td>(1)</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>1,020</td><td></td><td></td><td></td><td></td></tr><tr><td>Add: Warehouse expenses</td><td>47</td><td>(1)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Management salaries (60 x 10%)</td><td><u>6</u></td><td>(1)</td><td><u>53</u></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>1,073</td><td></td><td></td><td></td></tr><tr><td>Gross Profit ✓</td><td></td><td></td><td></td><td>877</td><td></td><td></td><td></td></tr></table>						<b>Income Statement for Year Ended 31 December Year 3 ✓</b>							Sales revenue				1,950	✓			Cost of sales								Opening Inventory of finished goods			110		✓			Add Market Value of finished goods			<u>1,000</u>		(1)						1,110					Less Closing Inventory of finished goods			<u>90</u>		(1)						1,020					Add: Warehouse expenses	47	(1)						Management salaries (60 x 10%)	<u>6</u>	(1)	<u>53</u>									1,073				Gross Profit ✓				877				6	<p>If no market value used in manufacturing account, accept factory cost of production.</p> <p>If any item repeated across both statements do not award in correct statement.</p>
<b>Income Statement for Year Ended 31 December Year 3 ✓</b>																																																																																																									
Sales revenue				1,950	✓																																																																																																				
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Gross Profit ✓				877																																																																																																					
	(b)		Goods that are only part complete. (at the beginning or end of the accounting period) (1)						1																																																																																																

Question			Expected response	Max mark	Additional guidance
4.	(a)	(i)	<p>Cromer plc Income Statement for year ended 31 December Year 4 ✓</p> <p>Profit for Year after Tax 90 ✓ Add Unappropriated Profit <u>36</u> (1) 126</p> <p>Less Appropriations</p> <p>Goodwill Written Down 8 ✓ Ordinary Dividend <u>15</u> (1) Preference Dividend <u>24</u> (1) <u>47</u> Unappropriated Profit ✓ <u>79</u></p>	3	

Question		Expected response					Max mark	Additional guidance																																																																																																																																																																										
	(ii)	<p><b>Cromer plc</b> <b>Statement of Financial Position as at 31 December Year 4 ✓</b></p> <table><tr><td><b>Non-Current Assets ✓</b></td><td><b>Cost</b></td><td><b>Agg Dep</b></td><td><b>NBV</b></td><td></td><td></td></tr><tr><td>Property</td><td>690</td><td>(30)</td><td>720</td><td>(1)</td><td></td></tr><tr><td>Office Equipment</td><td>300</td><td>172</td><td>128</td><td rowspan="2">]</td><td rowspan="2">(1)</td></tr><tr><td>Motor Vehicles</td><td>180</td><td>54</td><td>126</td></tr><tr><td></td><td><u>1170</u></td><td><u>196</u></td><td><u>974</u></td><td></td><td></td></tr><tr><td>Goodwill (20-8)</td><td></td><td></td><td><u>12</u></td><td>(1)</td><td></td></tr><tr><td></td><td></td><td></td><td>986</td><td></td><td></td></tr><tr><td><b>Current Assets ✓</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Trade Receivables (44-6)</td><td></td><td>38</td><td>(1)</td><td></td><td></td></tr><tr><td>Closing Inventory</td><td></td><td>26</td><td>✓</td><td></td><td></td></tr><tr><td>Selling Expenses Receivable</td><td></td><td>4</td><td>✓</td><td></td><td></td></tr><tr><td>VAT</td><td></td><td><u>28</u></td><td>(2)</td><td></td><td></td></tr><tr><td></td><td></td><td>96</td><td></td><td></td><td></td></tr><tr><td><b>Less Current Liabilities ✓</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Trade Payables</td><td>32</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Admin Expenses Payables</td><td>4</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Corporation Tax Payable</td><td>30</td><td>(2)</td><td></td><td></td><td></td></tr><tr><td>Cash &amp; Cash Equivalents (7-24)</td><td><u>17</u></td><td>(1)</td><td><u>83</u></td><td></td><td></td></tr><tr><td>Working Equity</td><td></td><td></td><td><u>13</u></td><td></td><td></td></tr><tr><td>Net Assets</td><td></td><td></td><td><u>999</u></td><td></td><td></td></tr><tr><td>Equity</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>450,000 Ordinary Shares £1 each ✓</td><td></td><td></td><td>450</td><td rowspan="2">]</td><td rowspan="2">(2)</td></tr><tr><td>400,000 6% Preference Shares £1 each ✓</td><td></td><td></td><td><u>400</u></td></tr><tr><td></td><td></td><td></td><td>850</td><td></td><td></td></tr><tr><td>Reserves</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Revaluation Reserve</td><td></td><td>30</td><td>✓</td><td></td><td></td></tr><tr><td>Unappropriated Profit</td><td></td><td>79</td><td>(1)</td><td></td><td></td></tr><tr><td>Share Premium (150-60 (1)-50 (1))</td><td></td><td>40</td><td>(2)</td><td><u>149</u></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td><u>999</u></td><td></td></tr></table> <p>Headings, labels, arithmetic and no extraneous items across parts (a)(i) and (ii) (1)</p>					<b>Non-Current Assets ✓</b>	<b>Cost</b>	<b>Agg Dep</b>	<b>NBV</b>			Property	690	(30)	720	(1)		Office Equipment	300	172	128	]	(1)	Motor Vehicles	180	54	126		<u>1170</u>	<u>196</u>	<u>974</u>			Goodwill (20-8)			<u>12</u>	(1)					986			<b>Current Assets ✓</b>						Trade Receivables (44-6)		38	(1)			Closing Inventory		26	✓			Selling Expenses Receivable		4	✓			VAT		<u>28</u>	(2)					96				<b>Less Current Liabilities ✓</b>						Trade Payables	32	✓				Admin Expenses Payables	4	✓				Corporation Tax Payable	30	(2)				Cash & Cash Equivalents (7-24)	<u>17</u>	(1)	<u>83</u>			Working Equity			<u>13</u>			Net Assets			<u>999</u>			Equity						450,000 Ordinary Shares £1 each ✓			450	]	(2)	400,000 6% Preference Shares £1 each ✓			<u>400</u>				850			Reserves						Revaluation Reserve		30	✓			Unappropriated Profit		79	(1)			Share Premium (150-60 (1)-50 (1))		40	(2)	<u>149</u>						<u>999</u>		15	<p>All 3 figures must be shown to gain award for property.</p> <p>Goodwill must be shown below NCA to gain award.</p> <p>Closing Inventory, Other Receivables and VAT for <b>2 marks</b>. If only 2, <b>1 mark</b>. Only 1 - <b>0 marks</b>.</p> <p>Trade Payables, Other Payables and Corporation Tax needed for 2 marks. If only 2, <b>1 mark</b>. Only 1 - <b>0 marks</b>.</p> <p>Value or number of shares missing award <b>1 mark</b> maximum. If shares not shown first award <b>1 mark</b> maximum.</p> <p>If Ordinary Shares 400 and Pref Shares 400 award <b>1 mark</b> maximum.</p> <p>Accept Bonus Shares as separate entry immediately above or below Ordinary Shares.</p> <p>If Share Premium 140, 160, 90 or 100 award <b>1 mark</b>.</p> <p>If Preliminary expenses entered do not award adjustment to Share Premium.</p>
<b>Non-Current Assets ✓</b>	<b>Cost</b>	<b>Agg Dep</b>	<b>NBV</b>																																																																																																																																																																															
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	(b)		<p>Preference shares are part of share equity whereas debentures are non-current liabilities. (1)</p> <p>Preference shareholders may have voting rights whereas debenture holders do not. (1)</p> <p>Preference shareholders carry a fixed rate of dividend whereas debenture holders have a fixed rate of interest. (1)</p> <p>Preference shareholders do not guarantee a return on their investment whereas debenture finance cost must be paid. (1)</p> <p>Preference shares are not repayable whereas Debentures are repayable. (1)</p> <p>Both are long-term sources of finance. (1)</p>	2	

[END OF MARKING INSTRUCTIONS]