



Higher
Coursework
Assessment Task



Higher Accounting Assignment Assessment task

Coursework Finalised Marking Instructions

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Marking instructions

In line with SQA'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 SQA 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)												
GRANGECEM LTD												
MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31 DECEMBER YEAR 4 ✓							ADDITIONAL GUIDANCE					
	£000		£000				13 marks					
Opening Inventory of Raw Materials			175	A								
add Purchases of Raw Materials	948			B								
less Purchases Returns of Raw Materials	25		923	B1								
			1,098									
add Carriage In on Raw Materials			41	C								
			1,139									
less Closing Inventory of Raw Materials			160	A1								
COST OF RAW MATERIALS CONSUMED ✓			979									
ADD DIRECT COSTS					If direct costs or factory overheads are deducted but indicated as added, treat as arithmetical error							
Royalties	92	C1										
Manufacturing Wages (360 x 50%)	180	1	272									
PRIME COST ✓			1,251									
ADD FACTORY OVERHEADS					If factory overheads are subtracted, award marks where possible and do not award Profit on Manufacture							
Wages (360 x 20%)	72	1										
Indirect Factory Power	132	D										
Heat and Light (65 x 80%)	52	E										
Factory Rent and Rates (255/15 x 12) x 75%	153	1										
Factory Insurance (40 x 3/5)	24	1										
Factory Cleaning (25 + 5 payable)	30	1										
Factory Maintenance	75	D1										
Depreciation on Factory Machinery (650 - 175) x 20%	95	1	633		If Factory Machinery (Cost) is included, do not award Depreciation on Factory Machinery							
			1,884									
add Opening Inventory of Work-in-Progress			168	F								
			2,052									
less Closing Inventory of Work-in-Progress			157	F1								
FACTORY COST OF PRODUCTION ✓			1,895									
Profit on Manufacture			55	1	If Profit on Manufacture is labelled but is negative still award the mark							
MARKET VALUE OF FINISHED GOODS			1,950									
Headings, labels, arithmetic, no extraneous (1)												

Task 1(a) (continued)									
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER YEAR 4 ✓									
	£000		£000		£000		ADDITIONAL GUIDANCE		
							14 marks		
Sales Revenue					3,100	G	If any item repeated across both statements do not award in correct statement		
LESS COST OF SALES									
Opening Inventory of Finished Goods			160	H			If Factory Cost of Production is included instead of Market Value, award 1 mark consequentially, provided it is the final figure shown in the Manufacturing Account		
add Market Value of Finished Goods			1,950	G1					
			2,110						
add Purchases of Finished Goods	105			J					
less Purchases Returns of Finished Goods	22		83	J1					
			2,193						
less Closing Inventory of Finished Goods			161	H1					
			2,032						
add Warehouse Wages (360 x 15%)	54			1					
add Warehouse Expenses	22		76	1					
COST OF SALES					2,108				
GROSS PROFIT ✓					992				
add Profit on Manufacture					55	1			
					1,047				
LESS EXPENSES									
Administration Wages (360 x 15%)			54	1					
Heat and Light (65 x 20%)			13	E1					
Rent and Rates (255/15 x 12) x 25%			51	1					
Office Expenses			325	K					
Depreciation on Vehicles (400 x 10%)			40	1					
Advertising			10	K					
Office Insurance (40 x 40%)			16	1					
Administration Expenses			265	K1	774				
					273				
ADD OTHER INCOME							If entered as Provision for Doubtful Debts as 5 award 1 mark If entered as Decrease in Provision for Doubtful Debts as 7 do not award (DNA) 1 mark		
Decrease in Provision for Doubtful Debts (12-7)					5	1			
PROFIT FOR THE YEAR ✓					278		If entered as Provision for Doubtful Debts as 7 treat as Extraneous		
Headings, labels, arithmetic, no extraneous (1)									

Task 1(b)							ADDITIONAL GUIDANCE			
							3 marks			
	Raw Materials refers to the inventory used to produce the product. (1)									
	Work-In-Progress refers to products only part complete. (1)									
	Finished Goods refers to completed products/products ready for sale. (1)									

	A	B	C	D	E	F	G	H	I	J
1	Task 2 – value view								ADDITIONAL GUIDANCE	
2	Name:								1 mark	
3										
4	Materials				Labour					
5	Quantity from Process 1 (kg)	800			Hours worked in Process 2	400				
6	Price per kg from Process 1 (£)	10.00			Rate per hour (£)	15.00				
7	Quantity of Material X (kg)	1,600								
8	Price per kg for Material X (£)	7.00			Variable Overheads					
9					Input Quantity more than 2,300 kgs	4.00	per labour hour (£)			
10	All losses are sold (per kg) at a rate of (£)	6.00			Input Quantity 2,300 kgs or less	4.50	per labour hour (£)			
11										
12										
13	PROCESS 2 ACCOUNT									
14		INPUTS			OUTPUTS			BALANCE		
15		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
16	Transfer from Process 1	800	10.00	8,000.00				800	10.00	8,000.00
17	Material X	1,600	7.00	11,200.00				2,400		19,200.00
18	Labour			6,000.00				2,400		25,200.00
19	Fixed Overheads			2,520.00				2,400		27,720.00
20	Variable Overheads			1,600.00				2,400		29,320.00
21	Normal Loss				240	6.00	1,440.00	2,160		27,880.00
22	Closing Work-in-Progress				450		3,940.00	1,710	14.00	23,940.00
23	Transfer to Process 3				1,500	14.00	21,000.00	210	14.00	2,940.00
24	Abnormal Loss				210	14.00	2,940.00	0		0.00
25										
26										
27	ABNORMAL LOSS ACCOUNT									
28		INPUTS			OUTPUTS			BALANCE		
29		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
30	Process 2	210	14.00	2,940.00				210	14.00	2,940.00
31	Cash and Cash Equivalents				210	6.00	1,260.00	0		1,680.00
32	Income Statement						1,680.00			0.00
33										
34	Data cells highlighted yellow 1 mark									

Task 2 – formula view									ADDITIONAL GUIDANCE		
Name:									12 marks		
Materials				Labour							
Quantity from Process 1 (kg)	800			Hours worked in Process 2	400						
Price per kg from Process 1 (£)	10			Rate per hour (£)	15						
Quantity of Material X (kg)	=B5*2	1									
Price per kg for Material X (£)	7			Variable Overheads							
				Input quantity more than 2,300 kgs	4	per labour hour (£)					
All losses are sold (per kg) at a rate of (£)	6			Input quantity 2,300 kgs or less	4.5	per labour hour (£)					
PROCESS 2 ACCOUNT											
	INPUTS			OUTPUTS			BALANCE				
	QTY	CPU	£	QTY	CPU	£	QTY	CPU	£		
Transfer from Process 1	=B5	=B6	=B16*C16	1			=B16	=C16	=D16		
Material X	=B7	=B8	=B17*C17	1			=H16+B17-E17		=J16+D17-G17		
Labour			=F5*F6	1			=H17+B18-E18		=J17+D18-G18		
Fixed Overheads			=J18*0.1				=H18+B19-E19		=J18+D19-G19		
Variable Overheads			=IF(H17>2300,F5*F9,F5*F10)	1			=H19+B20-E20		=J19+D20-G20		
Normal Loss				=H20*0.1	=B10	=E21*F21	1	=H20+B21-E21		=J20+D21-G21	
Closing Work-in-Progress				450		3940	=H21+B22-E22	=J22/H22	=J21+D22-G22	1	CPU formula
Transfer to Process 3				1500	=I22	=E23*F23	1	=H22+B23-E23	=J23/H23	=J22+D23-G23	
Abnormal Loss				=H23	=I22	=E24*F24		=H23+B24-E24		=J23+D24-G24	1
											For all balance formulae. Accept any appropriate formulae.
ABNORMAL LOSS ACCOUNT											
	INPUTS			OUTPUTS			BALANCE				
	QTY	CPU	£	QTY	CPU	£	QTY	CPU	£		
Process 2	=E24	=F24	=G24				=B30	=C30	=D30	1	for row
Cash and Cash Equivalents				=H30	=B10	=E31*F31	=H30-E31		=J30-G31	1	for row
Income Statement						=J31			=J31-G32	1	for row

	A	B	C	D	E	F	G	H	I	J
1	Task 2									
2	Name:									
3										
4	Materials				Labour					
5	Quantity from Process 1 (kg)	800			Hours worked in Process 2	d				
6	Price per kg from Process 1 (£)	d			Rate per hour (£)	d				
7	Quantity of Material X (kg)	f								
8	Price per kg for Material X (£)	d			Variable Overheads					
9					Input quantity more than 2,300 kgs	d	per labour hour (£)			
10	All losses are sold (per kg) at a rate of (£)	6.00			Input quantity 2,300 kgs or less	d	per labour hour (£)			
11										
12										
13	PROCESS 2 ACCOUNT									
14		INPUTS			OUTPUTS			BALANCE		
15		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
16	d	f	f	f				f	f	f
17	d	f	f	f				f		f
18	d			f				f		f
19	d			f				f		f
20	d			f				f		f
21	d				f	f	f	f		f
22	d				d		d	f	f	f
23	d				d	f	f	f	f	f
24	d				f	f	f	f		f
25										
26										
27	ABNORMAL LOSS ACCOUNT									
28		INPUTS			OUTPUTS			BALANCE		
29		QTY	CPU	£	QTY	CPU	£	QTY	CPU	£
30	d	f	f	f				f	f	f
31	d				f	f	f	f		f
32	d						f			f

Task 3(a)																				
Production Budget for January to June ✓																				
	January	February	March	April	May	June														
Closing inventory	600	560	620	540	580	600	1													
add Sales	2,500	3,000	2,800	3,100	2,700	2,900	1													
	3,100	3,560	3,420	3,640	3,280	3,500														
less Opening inventory	500 *	600	560	620	540	580	1													
Production	2,600	2,960	2,860	3,020	2,740	2,920	1													
Task 3(b)																				
Cash Budget for March and April ✓																				
	March	April																		
Opening Balance ✓	20,000	✓ 55,755																		
Add Receipts ✓																				
Cash Sales	58,800	65,100	1																	
Credit Sales - 1 month	79,380	1 74,088	1																	
Credit Sales - 2 months	46,550	1 55,860	1																	
	184,730	195,048																		
Less Payments ✓																				
Materials	60,400	54,800	1																	
Labour	42,900	45,300	1																	
Advertising	-	3,000	1																	
Fixed Costs	1,000	1,000	1																	
Variable Overheads - 25%	3,575	3,775	1																	
Variable Overheads - 75%	11,100	10,725	1																	
Factory Machinery	30,000	60,000	1																	
	148,975	178,600																		
Closing Balance ✓	55,755	✓ 72,203	✓																	
Heading, labels, arithmetic, Opening and Closing Balances shown (1)																				

[END OF MARKING INSTRUCTIONS]