



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 ✓															
	£000		£000												
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															
Royalties	92	C1													
Manufacturing Wages (360 x 50%)	180	1	272												
PRIME COST ✓			1,251												
ADD FACTORY OVERHEADS															
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												
			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											
MARKET VALUE OF FINISHED GOODS			1,950												
Headings, labels, arithmetic, no extraneous (1)															

ADDITIONAL GUIDANCE

13 marks

If direct costs or factory overheads are deducted but indicated as added, treat as arithmetical error

If factory overheads are subtracted, award marks where possible and do not award Profit on Manufacture

If Factory Machinery (Cost) is included, do not award Depreciation on Factory Machinery

If Profit on Manufacture is labelled but is negative still award the mark

Task 1(a) (continued)															
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER YEAR 4 ✓										ADDITIONAL GUIDANCE					
	£000		£000		£000					14 marks					
Sales Revenue					3,100					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															
Decrease in Provision for Doubtful Debts (12-7)					5				1	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					
PROFIT FOR THE YEAR ✓					278										
Headings, labels, arithmetic, no extraneous (1)										If entered as Provision for Doubtful Debts as 7 treat as Extraneous					

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									



	A	B	C	D	E	F	G	H	I	J
1	<b>Task 2</b>									
2	<b>Name:</b>									
3										
4	<b>Materials</b>				<b>Labour</b>					
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			<b>Variable Overheads</b>					
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	<b>PROCESS 2 ACCOUNT</b>									
14		<b>INPUTS</b>			<b>OUTPUTS</b>			<b>BALANCE</b>		
15		<b>QTY</b>	<b>CPU</b>	<b>£</b>	<b>QTY</b>	<b>CPU</b>	<b>£</b>	<b>QTY</b>	<b>CPU</b>	<b>£</b>
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	<b>ABNORMAL LOSS ACCOUNT</b>									
28		<b>INPUTS</b>			<b>OUTPUTS</b>			<b>BALANCE</b>		
29		<b>QTY</b>	<b>CPU</b>	<b>£</b>	<b>QTY</b>	<b>CPU</b>	<b>£</b>	<b>QTY</b>	<b>CPU</b>	<b>£</b>
30	d	f	f	f				f	f	f
31	d				f	f	f	f		f
32	d						f			f

Task 3(a)								ADDITIONAL GUIDANCE								
Production Budget for January to June ✓																
	January	February	March	April	May	June		4 marks								
Closing inventory	600	560	620	540	580	600	1	1 mark for correct January Opening and June Closing Inventory								
add Sales	2,500	3,000	2,800	3,100	2,700	2,900	1	1 mark for correct heading and Sales units								
	3,100	3,560	3,420	3,640	3,280	3,500										
less Opening inventory	500 *	600	560	620	540	580	1	1 mark for both highlighted rows								
<b>Production</b>	<b>2,600</b>	<b>2,960</b>	<b>2,860</b>	<b>3,020</b>	<b>2,740</b>	<b>2,920</b>	<b>1</b>	1 mark for adding Closing Inventory AND deducting Opening Inventory								
Task 3(b)								ADDITIONAL GUIDANCE								
Cash Budget for March and April ✓								13 marks								
	March	April														
Opening Balance ✓	20,000 ✓	55,755														
Add Receipts ✓											Accept Cash In/Inflows/Income					
Cash Sales	58,800	65,100	1													
Credit Sales - 1 month	79,380	74,088	1													
Credit Sales - 2 months	46,550	55,860	1	If bad debts are shown DNA credit sales 2 months												
	184,730	195,048														
Less Payments ✓											Accept Cash Out/Outflows/Expenditure					
Materials	60,400	54,800	1	Do not accept Expenses												
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	If Variable Overheads total 14,900 and 14,050 award 1 mark Implied												
Variable Overheads - 75%	11,100	10,725	1	If Variable Overheads correctly shown for one month award 1 mark												
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]