HIGHER ACCOUNTING

- **How many questions do you have to answer in the final examination?**

You must answer 6 questions in total – 3 in the Financial Accounting section and 3 in the Management Accounting section.

- **Are any of the questions compulsory?**

Yes Question 1 in the Financial Section (Section A) is compulsory and Question 6 in the Management Section (Section B) is compulsory

- **Can the compulsory questions be based on specific topics?**

In the Financial Section of the paper Question 1 must be based on the final accounts of a Public Limited Company, Partnership or Not-for-Profit organisation. In the Management Section of the paper Question 6 (the compulsory question) can be based on any topic(s). All other questions are optional.

- **Is it important to study theory for the final examination**

Yes. You must answer one theory question in both the Financial and Management sections of the paper. You answer one question each from a choice of 2.

- **Are you penalised in the paper if you omit headings or labels?**

Yes – especially in Financial Accounting. You will lose one mark every time a heading is wrong or a label omitted

- **What would happen if you enter a figure in the wrong account. For example placing VAT in the Profit and Loss Account instead of the Balance Sheet?**

We call this an extraneous error. You will lose 2 marks for doing this. There will be a maximum error in each account to cover this

- **What is the difference between margin and mark-up?**

Margin is the profit on the selling price of the good or service. Mark-up is the profit on the cost price of the good or service

- **How do you deal with capitalisation of entrance fees and subscriptions in Club Accounts?**

The capitalised amount is entered in the Balance Sheet under the 'Financed By' section rather than being place in the Income and Expenditure Account

- **What are the main differences between Ordinary and Preference Shares?**

Preference Shares have a fixed rate of dividend whilst Ordinary Shares have a variable rate
Preference Shareholders' dividends are paid before Ordinary Shareholders
Preference Shareholders have no voting rights at the AGM unlike Ordinary Shareholders
Ordinary Shareholders carry more risk as sometimes they may not receive any dividend if the business is not doing well and will be last to be repaid their shareholding if the business ceases trading