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ACCOUNTING

0452/11

Paper 1

October/November 2019

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer **all** questions.

You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.

The businesses mentioned in this Question Paper are fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **23** printed pages and **1** blank page.

There are 10 parts to Question 1.

For each of the parts (a) to (j) below there are four possible answers, **A**, **B**, **C** and **D**.
Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

- 1 (a) Insurance paid by a business included \$400 relating to the owner's private house.
This amount was **not** included in the income statement.

Which accounting principle was applied?

- A accruals (matching)
- B business entity
- C duality
- D prudence

[1]

- (b) The following account appeared in Jacob's ledger.

Cindy account

| Date | Details | \$ | Date | Details | \$ |
|--------|-------------|------------|-------|-------------|------------|
| 2019 | | | 2019 | | |
| Aug 16 | Returns | 110 | Aug 1 | Balance b/d | 450 |
| 29 | Bank | 441 | 14 | Purchases | 390 |
| | Discount | 9 | | | |
| 31 | Balance c/d | <u>280</u> | | | |
| | | <u>840</u> | | | <u>840</u> |

Which statement is correct?

- A Cindy paid Jacob \$441 by cheque on 29 August.
- B Cindy purchased goods, \$390, on credit from Jacob on 14 August.
- C Jacob allowed Cindy \$9 cash discount on 29 August.
- D Jacob owed Cindy \$450 on 1 August.

[1]

- (c) What is **not** a requirement of the accounting objective of reliability?

- A information must be available in time for decisions to be made
- B information must be free from bias
- C information must be free from errors
- D information must be prepared with suitable caution applied to any judgement

[1]

- (d) On 2 September Tumelo purchased goods on credit, list price \$4200, less trade discount of 20% and a cash discount of 2% if the invoice was paid within 30 days.

On 5 September Tumelo returned one-third of the goods to the supplier.

Which amount did Tumelo enter in his purchases returns journal?

- A \$1092
- B \$1120
- C \$1372
- D \$1400

[1]

- (e) Which statements about debentures are correct?

- 1 Debentures carry a fixed rate of interest.
- 2 Debentures do not carry voting rights.
- 3 Debenture holders are members of the company.
- 4 Debenture interest depends on the profit of the company.

- A 1 and 2
- B 1 and 4
- C 2 and 3
- D 3 and 4

[1]

- (f) The totals of a trial balance did not agree.

Which error caused this?

- A A cheque paid to Hong for \$500 had been credited to the account of Heng.
- B An invoice for goods purchased, \$50, was entered in the purchases journal as \$500.
- C Goods sold on credit to Gemma, \$500, were debited to the account of Gina.
- D Rent paid by cheque, \$500, was debited to the rent receivable account.

[1]

(g) Sally provided the following information at the end of her financial year.

| | |
|-------------------|--------|
| | \$ |
| Revenue | 44 000 |
| Opening inventory | 3 000 |
| Closing inventory | 1 000 |
| Purchases | 32 000 |
| Expenses | 6 000 |

What was Sally's percentage of gross profit to revenue (gross profit margin)?

- A** 9.09%
B 11.76%
C 22.73%
D 29.41%

[1]

(h) A food retailer purchased a computer and debited the cost to the purchases account.

What was the effect on the profit for the year and the non-current assets?

| | profit for the year | | non-current assets | |
|----------|---------------------|-------------|--------------------|-------------|
| | overstated | understated | overstated | understated |
| A | ✓ | | ✓ | |
| B | ✓ | | | ✓ |
| C | | ✓ | ✓ | |
| D | | ✓ | | ✓ |

[1]

(i) Hassan's trial balance did not balance and a suspense account was opened.

It was found that the total of the discount received column in the cash book, \$173, had been debited to the discount allowed account in the ledger.

Which journal entry corrects this error?

| | details | debit \$ | credit \$ |
|----------|---|-------------|--------------|
| A | discount allowed discount received suspense | 173 173 | 346 |
| B | discount received suspense | 173 | 173 |
| C | suspense discount allowed | 173 | 173 |
| D | suspense discount allowed discount received | 346 | 173 173 |

[1]

- (j) Beketele's financial year ends on 31 December. On 1 January 2015 she purchased a machine costing \$18000. The machine was depreciated by 15% per annum using the straight line (equal instalment) method. The machine was sold on 1 January 2019.

What was the book value of the machine on the date of sale?

- A \$4500
B \$7200
C \$10800
D \$13500

[1]

[Total: 10]



- 2 Aisha is a retailer. She buys goods on credit from Kadir, a wholesaler. They exchanged several documents during September 2019.

The following incomplete document was issued on 18 September 2019.

| Credit Note | | | |
|--------------------------------------|---|-------------------------------------|-------------------|
| Aisha 14 Straight Row Anywhere | | Kadir 123 West View Some City | |
| | | 18 September 2019 | |
| Quantity | Description | Unit price \$ | Amount \$ |
| 70 | Suits assorted sizes | (i)..... | 4130 |
| | Less 20% Trade discount | | <u>(ii).....</u> |
| | Reason for issue: Correcting overcharge on goods supplied on 4 September 2019 | | <u>(iii).....</u> |

REQUIRED

- (a) Insert the missing figures in (i) – (iii) in the above document. [3]

- (b) Name the person who issued the above document. [1]
.....

- (c) Suggest **one** reason why a credit note may be issued **other than** correcting an overcharge. [1]
.....
.....

- (d) State why it was necessary to deduct trade discount on the credit note. [1]
.....
.....

- (e) Name the book of prime (original) entry in which **each** trader would record the credit note.

| book of prime (original) entry used by Aisha | book of prime (original) entry used by Kadir |
|---|---|
| | |

[2]

On 1 September 2019 Aisha owed Kadir \$3400.

During September 2019 Aisha and Kadir exchanged the following documents (**in addition to the credit note**).

September 4 Invoice for goods, \$8960

13 Debit note, \$3540, claiming overcharge for goods supplied on 4 September

27 Cheque to settle balance outstanding on 1 September less 2% cash discount

30 Statement of account showing a closing balance of \$5656

REQUIRED

(f) Name the book of prime (original) entry in which Aisha would record these documents. If the document is not recorded in a book of prime (original) entry, write 'no entry'.

| document | book of prime (original) entry used by Aisha |
|----------------------|--|
| invoice | |
| debit note | |
| cheque | |
| statement of account | |

[4]

- (g) Prepare the account of Kadir as it would appear in the ledger of Aisha for the month of September 2019.
Balance the account and bring down the balance on 1 October 2019.

Aisha
Kadir account

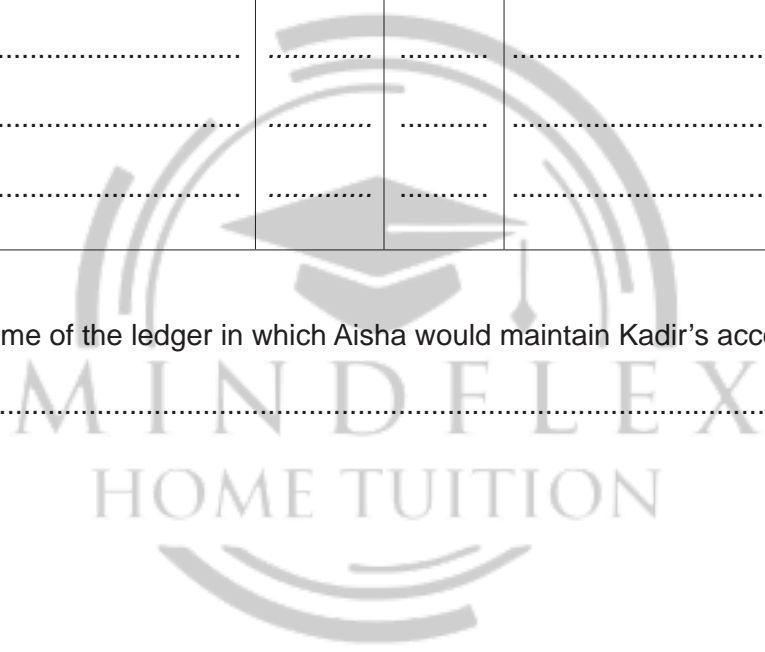
| Date 2019 | Details | \$ | Date 2019 | Details | \$ |
|--------------|---------|-------|--------------|---------|-------|
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[7]

- (h) State the name of the ledger in which Aisha would maintain Kadir's account.

..... [1]

[Total: 20]



- 3 Timothy is a trader who buys and sells on both cash and credit terms. He maintains a full set of accounting records and prepares monthly control accounts.

REQUIRED

- (a) State **two** advantages to Timothy of preparing monthly control accounts.

1

.....

2

..... [2]

- (b) Name the book of prime (original) entry which Timothy would use to obtain the following information when preparing his purchases ledger control account.

| | book of prime (original) entry |
|-------------------------------------|--------------------------------|
| purchases returns | |
| contra entry | |
| discount received | |
| interest charged on overdue account | |

[4]

- (c) State the meaning of a contra entry in connection with control accounts.
State why Timothy made a contra entry.

Meaning

.....

Reason

..... [2]

- (d) State **two** reasons why it is possible for Timothy to have a debit balance on his purchases ledger control account.

1

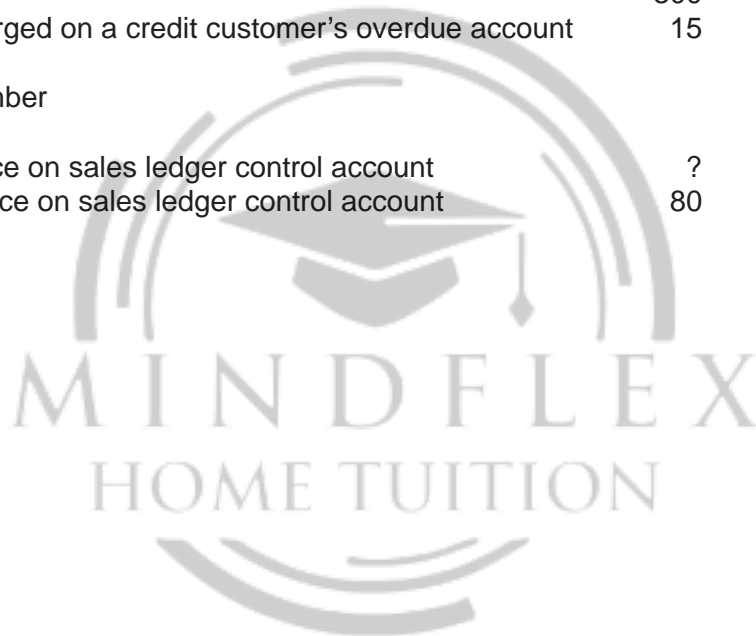
.....

2

..... [2]

Timothy provided the following information for October 2019.

| | \$ |
|---|------|
| On 1 October | |
| Debit balance on sales ledger control account | 6530 |
| Credit balance on sales ledger control account | 110 |
| Totals for the month of October | |
| Credit sales | 7860 |
| Cash sales | 3850 |
| Receipts from credit customers | 5782 |
| Discount allowed to credit customers | 118 |
| Discount received from credit suppliers | 246 |
| Returns by credit customers | 285 |
| Bad debts written off | 260 |
| Increase in provision for doubtful debts | 170 |
| Contra entry | 300 |
| Interest charged on a credit customer's overdue account | 15 |
| On 1 November | |
| Debit balance on sales ledger control account | ? |
| Credit balance on sales ledger control account | 80 |



REQUIRED

- (e) Select the relevant figures and prepare the sales ledger control account for the month of October 2019.
Balance the account and bring down the balances on 1 November 2019.

Timothy
Sales ledger control account

| Date 2019 | Details | \$ | Date 2019 | Details | \$ |
|--------------|-------------|-------|--------------|-------------|-------|
| Oct 1 | Balance b/d | 6530 | Oct 1 | Balance b/d | 110 |
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[9]

[Total: 19]



Question 4 is on the next page.

- 4 Abiola started a business on 1 September 2017. On that date she opened a business bank account with a capital of \$40 000 and a loan of \$10 000. On the same day she purchased inventory, \$6600, and fixtures and fittings, \$11 750, paying by bank transfer.

REQUIRED

- (a) Prepare a journal entry, to include all the above information, to open the books of the business on 1 September 2017.
A narrative **is** required.

Abiola
General Journal

| Date 2017 | Details | Debit \$ | Credit \$ |
|--------------|---------|-------------|--------------|
| Sept 1 | | | |
| | | | |
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[5]

- (b) State why it is useful to show a narrative as part of a journal entry.

.....

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..... [2]

The following transactions took place on 1 March 2018.

- 1 Abiola transferred her private motor vehicle to the business at a valuation of \$12000.
- 2 Abiola took goods, \$450, from the business for personal use.

REQUIRED

- (c) Prepare journal entries to record the transactions of 1 March 2018.
Narratives are **not** required.

Abiola
General Journal

| | Date 2018 | Details | Debit \$ | Credit \$ |
|---|--------------|---------|-------------|--------------|
| 1 | <i>Mar 1</i> | | | |
| | | | | |
| | | | | |
| 2 | <i>Mar 1</i> | | | |
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[4]

Abiola rents premises at an annual rent of \$6000, payable on the first of each month.

She provided the following information.

| | | |
|-------------|----------------------|-----|
| | | \$ |
| 2018 | | |
| September 1 | Rent payable accrued | 500 |

The following amounts of rent were paid by bank transfer.

| | | |
|-------------|--|------|
| | | |
| 2018 | | |
| September 2 | | 3000 |
| 2019 | | |
| February 3 | | 3000 |
| August 6 | | 1500 |

REQUIRED

- (d) Prepare the rent payable account in the ledger of Abiola for the year ended 31 August 2019. Balance the account and bring down the balance on 1 September 2019.

Abiola
Rent payable account

| Date | Details | \$ | Date | Details | \$ |
|-------|---------|-------|-------|---------|-------|
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[5]

- (e) Explain how the accounting principle of accruals (matching) was applied in the preparation of the rent payable account.

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..... [2]

Abiola receives commission from another trader when Abiola's customers purchase goods from his shop.

Abiola provided the following information.

| | | |
|-------------|-----------------------------------|-----|
| | | \$ |
| 2018 | | |
| September 1 | Commission receivable outstanding | 350 |

The following amounts of commission were received by bank transfer.

| | | |
|--------------|--|-----|
| | | |
| 2018 | | |
| September 30 | | 350 |
| 2019 | | |
| January 31 | | 425 |
| April 30 | | 395 |
| July 31 | | 470 |

On 31 August 2019 commission receivable outstanding amounted to \$310.

REQUIRED

- (f) Prepare the commission receivable account in the ledger of Abiola for the year ended 31 August 2019.
Balance the account and bring down the balance on 1 September 2019.

Abiola
Commission receivable account

| Date | Details | \$ | Date | Details | \$ |
|-------|---------|-------|-------|---------|-------|
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[5]

[Total: 23]

- 5 The KW Sports Club has 50 members. The annual subscription is \$85. The financial year ends on 30 September. The treasurer prepares a full set of financial statements at the end of each financial year.

On 1 October 2018 subscriptions had been prepaid by 14 members.

On 30 September 2019 subscriptions had been prepaid by 10 members and 22 members had not paid their subscription for the year.

REQUIRED

- (a) State the meaning of the word 'subscriptions' in connection with clubs and societies.

.....
..... [1]

- (b) Calculate the subscriptions received during the year ended 30 September 2019.

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..... [5]

- (c) Discuss the possible effects on the bank account and the income and expenditure account of KW Sports Club if the annual subscription was increased to \$105.

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..... [4]

(d) State **four** ways in which an income and expenditure account differs from a receipts and payments account.

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..... [4]

The income and expenditure account for the year ended 30 September 2019 showed a deficit. After the preparation of the account it was found that several errors had been made.

REQUIRED

(e) Complete the table by placing a tick (✓) in the correct column to indicate the **effect of each error** on the deficit for the year.
If the error does not affect the deficit place a tick (✓) in the column headed 'no effect'.

| error | effect of error on the deficit | | |
|--|--------------------------------|-------------|-----------|
| | overstated | understated | no effect |
| the total of the income from a sports competition was understated | | | |
| no entry had been made for bank charges | | | |
| proceeds of sale of club equipment were included in the income | | | |
| no adjustment was made of club shop wages accrued at the year-end | | | |
| shop rent was charged to the income and expenditure account instead of the shop income statement | | | |

[5]

[Total: 19]



- 6 Amrit runs a secretarial agency. His financial year ends on 31 July. He prepared the following trial balance on 31 July 2019.

| | \$ | \$ |
|--|----------------|----------------|
| Fees from clients | | 58 800 |
| Premises (at cost) | 90 000 | |
| Office equipment (at cost) | 16 000 | |
| Provision for depreciation of office equipment | | 3 200 |
| Capital | | 85 000 |
| Drawings | 11 500 | |
| 5% Loan (repayable 1 February 2020) | | 15 000 |
| Trade receivables | 4 650 | |
| Provision for doubtful debts | | 100 |
| Bad debts | 80 | |
| Insurance | 2 100 | |
| Wages | 38 000 | |
| Operating expenses | 6 500 | |
| Rent receivable | | 3 000 |
| Bank | | 3 730 |
| | <u>168 830</u> | <u>168 830</u> |

The following information is available.

- 1 The insurance covers a period of 14 months to 30 September 2019.
- 2 At 31 July 2019 wages, \$1500, were accrued and one year's loan interest was outstanding.
- 3 A debt of \$150 should be written off as irrecoverable.
- 4 The provision for doubtful debts should be maintained at 3% of the remaining trade receivables.
- 5 The office equipment is to be depreciated at 20% per annum using the reducing (diminishing) balance method.

REQUIRED

(a) Prepare the income statement for the year ended 31 July 2019.

Amrit
Income Statement for the year ended 31 July 2019

| | \$ | \$ |
|-------|-------|-------|
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[14]

Amrit is considering several proposals to try to increase his working capital.

REQUIRED

(b) Complete the table by placing a tick (✓) in the correct column to indicate how **each** proposal would affect Amrit's working capital.

| | increase | decrease | no effect |
|---|----------|----------|-----------|
| extend the loan for a further 2 years | | | |
| ask the bank to extend the overdraft facility | | | |
| purchase new office equipment on credit | | | |

[3]

(c) Suggest **two** possible reasons why Amrit's return on capital employed (ROCE) was higher on 31 July 2019 than it was on 31 July 2018.

- 1
-
- 2
-

[2]

On 1 August 2019 Amrit decided to admit his sister, Neena, to the business as a partner.

The partnership agreement provided for the following:

- interest on capital of 4% per annum
- interest on drawings of 3%
- Amrit to be entitled to a partnership salary of \$6000 per annum
- profits and losses to be shared Amrit 60% and Neena 40%.

Amrit made an adjustment to his capital so that it equalled \$80 000.

Neena invested \$60 000.

It was estimated that the profit for the first year of trading would be \$15 500.

It was estimated that the partners' drawings during the first year of trading would be Amrit \$7000 and Neena \$5000.

REQUIRED

(d) State **two** advantages to Amrit of being a partner rather than a sole trader.

1

.....

2

..... [2]

(e) State **two** disadvantages to Amrit of being a partner rather than a sole trader.

1

.....

2

..... [2]

(f) Complete the estimated profit and loss appropriation account for the year ending 31 July 2020.

Amrit and Neena
Estimated Profit and Loss Appropriation Account for the year ending 31 July 2020

| | \$ | \$ |
|-------------------------------|-------|-------|
| Estimated profit for the year | | 15500 |
| Interest on drawings Amrit | | |
| Neena | | |
| Interest on capital Amrit | | |
| Neena | | |
| Partnership salary Amrit | | |
| Share of profit/loss Amrit | | |
| Neena | | |

[6]

[Total: 29]

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Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/11

Paper 1

October/November 2019

MARK SCHEME

Maximum Mark: 120

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **17** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.



| Question | Answer | Marks |
|----------|--------|-------|
| 1(a) | B | 1 |
| 1(b) | D | 1 |
| 1(c) | A | 1 |
| 1(d) | B | 1 |
| 1(e) | A | 1 |
| 1(f) | A | 1 |
| 1(g) | C | 1 |
| 1(h) | D | 1 |
| 1(i) | D | 1 |
| 1(j) | B | 1 |



| Question | Answer | Marks |
|----------|--|-------|
| | <p>Glossary</p> <p>(d) A $\frac{1}{3} \times 4200 = 1400 - 22\% = 1092$ B $1400 - 20\% = 1120$ C $1400 - 2\% = 1372$ D $\frac{1}{3} \times 4200 = 1400$</p> <p>(g) C of S = 34 GP = 10 P for yr. = 4 A $\frac{4}{44} \times 100 = 9.09$ B $\frac{4}{34} \times 100 = 11.76$ C $\frac{10}{44} \times 100 = 22.73$ D $\frac{10}{34} \times 100 = 29.41$</p> <p>(j) A book value after 5 years $(18\ 000 - (5 \times 2700)) = 4500$ B book value after 4 years $(18\ 000 - (4 \times 2700)) = 7200$ C dep for 4 years $(4 \times 2700) = 10\ 800$ D dep for 5 years $(5 \times 2700) = 13\ 500$</p> | |



| Question | Answer | Marks | | | | | | | | | | |
|--|---|--|--|--------------------------------------|----------------------------------|------------|---------------------|--------|----------------------|----------------------|---------------------|----------|
| 2(a) | (i) \$59 (1) (ii) \$826 (1) (iii) \$3304 (1) | 3 | | | | | | | | | | |
| 2(b) | Kadir | 1 | | | | | | | | | | |
| 2(c) | Goods returned not as ordered Goods returned as damaged/faulty Or other suitable reason – excluding overcharge Any 1 reason (1) | 1 | | | | | | | | | | |
| 2(d) | The amount on the credit note must equal the amount originally charged for those goods, so trade discount must be deducted from the list price. (1) Trade discount was deducted on invoice or when purchased. (1) | 1 | | | | | | | | | | |
| 2(e) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">book of prime (original) entry used by Aisha</td> <td style="width: 50%; padding: 5px;">book of prime (original) entry used by Kadir</td> </tr> <tr> <td style="padding: 5px;">purchases returns journal (1)</td> <td style="padding: 5px;">sales returns journal (1)</td> </tr> </table> | book of prime (original) entry used by Aisha | book of prime (original) entry used by Kadir | purchases returns journal (1) | sales returns journal (1) | 2 | | | | | | |
| book of prime (original) entry used by Aisha | book of prime (original) entry used by Kadir | | | | | | | | | | | |
| purchases returns journal (1) | sales returns journal (1) | | | | | | | | | | | |
| 2(f) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">document</td> <td style="width: 50%; padding: 5px;">book of prime (original) entry used by Aisha</td> </tr> <tr> <td style="padding: 5px;">invoice</td> <td style="padding: 5px;">purchases journal (1)</td> </tr> <tr> <td style="padding: 5px;">debit note</td> <td style="padding: 5px;">no entry (1)</td> </tr> <tr> <td style="padding: 5px;">cheque</td> <td style="padding: 5px;">cash book (1)</td> </tr> <tr> <td style="padding: 5px;">statement of account</td> <td style="padding: 5px;">no entry (1)</td> </tr> </table> | document | book of prime (original) entry used by Aisha | invoice | purchases journal (1) | debit note | no entry (1) | cheque | cash book (1) | statement of account | no entry (1) | 4 |
| document | book of prime (original) entry used by Aisha | | | | | | | | | | | |
| invoice | purchases journal (1) | | | | | | | | | | | |
| debit note | no entry (1) | | | | | | | | | | | |
| cheque | cash book (1) | | | | | | | | | | | |
| statement of account | no entry (1) | | | | | | | | | | | |

| Question | Answer | | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|---------------|--------|-------------------|---------------|--|----------|---------|----|------|---------|----|------|--|--|------|--|--|---------|---------------|------|--------|-----------------|------|----|----------|------|---|---------------|------|--|--------------|----|--|--|--|----|-------------|-------------|--|--|--|--|--|---------------|--|--|---------------|--|--|--|------|--|--|--|--|--|-------|-------------------|------|----------|
| 2(g) | <p style="text-align: center;">Aisha Kadir account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Sept 18</td> <td>Returns (1)OF</td> <td>3304</td> <td>Sept 1</td> <td>Balance b/d (1)</td> <td>3400</td> </tr> <tr> <td>27</td> <td>Bank (1)</td> <td>3332</td> <td>4</td> <td>Purchases (1)</td> <td>8960</td> </tr> <tr> <td></td> <td>Discount (1)</td> <td>68</td> <td></td> <td></td> <td></td> </tr> <tr> <td>30</td> <td>Balance c/d</td> <td><u>5656</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>12 360</u></td> <td></td> <td></td> <td><u>12 360</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Oct 1</td> <td>Balance b/d (1)OF</td> <td>5656</td> </tr> </tbody> </table> <p>(1) Dates</p> | | | | | | Date | Details | \$ | Date | Details | \$ | 2019 | | | 2019 | | | Sept 18 | Returns (1)OF | 3304 | Sept 1 | Balance b/d (1) | 3400 | 27 | Bank (1) | 3332 | 4 | Purchases (1) | 8960 | | Discount (1) | 68 | | | | 30 | Balance c/d | <u>5656</u> | | | | | | <u>12 360</u> | | | <u>12 360</u> | | | | 2019 | | | | | | Oct 1 | Balance b/d (1)OF | 5656 | 7 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 18 | Returns (1)OF | 3304 | Sept 1 | Balance b/d (1) | 3400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27 | Bank (1) | 3332 | 4 | Purchases (1) | 8960 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Discount (1) | 68 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | Balance c/d | <u>5656</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>12 360</u> | | | <u>12 360</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Oct 1 | Balance b/d (1)OF | 5656 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(h) | Purchases (ledger) or trade payables | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | |
|-------------------------------------|---|----------|--------------------------------|-------------------|--------------------------------------|--------------|---------------------------------------|-------------------|----------------------|-------------------------------------|---------------------------------------|----------|
| 3(a) | They can assist in locating errors They are proof of the arithmetical accuracy of the ledgers which they control They provide instant totals of the trade payables and the trade receivables They enable a draft statement of financial position to be prepared quickly or financial statements They can help to reduce fraud They provide a summary of the transactions affecting the trade payables and the trade receivables Any 2 advantages (1) each | 2 | | | | | | | | | | |
| 3(b) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;">book of prime (original) entry</td> </tr> <tr> <td>purchases returns</td> <td>purchases returns journal (1)</td> </tr> <tr> <td>contra entry</td> <td>general or nominal journal (1)</td> </tr> <tr> <td>discount received</td> <td>cash book (1)</td> </tr> <tr> <td>interest charged on overdue account</td> <td>general or nominal journal (1)</td> </tr> </table> | | book of prime (original) entry | purchases returns | purchases returns journal (1) | contra entry | general or nominal journal (1) | discount received | cash book (1) | interest charged on overdue account | general or nominal journal (1) | 4 |
| | book of prime (original) entry | | | | | | | | | | | |
| purchases returns | purchases returns journal (1) | | | | | | | | | | | |
| contra entry | general or nominal journal (1) | | | | | | | | | | | |
| discount received | cash book (1) | | | | | | | | | | | |
| interest charged on overdue account | general or nominal journal (1) | | | | | | | | | | | |
| 3(c) | Meaning A contra entry is an entry which appears in the purchases ledger control account (debit side) and also in the sales ledger control account (credit side) (1) Reason The entry is made when a sales ledger account is set off against a purchases ledger account of the same person/business (1) Same person is the buyer and seller (1) Any 2 reasons (1) each | 2 | | | | | | | | | | |
| 3(d) | Overpayment made to credit supplier Returned goods after paying the balance of the account Made payment without deducting the cash discount to which entitled Paid credit supplier in advance/prepayment/paid deposit Contra entry larger than the balance owed Any 2 reasons (1) each | 2 | | | | | | | | | | |

| Question | Answer | | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------|---------------|--------------------|---------------|--|----------|---------|----|------|---------|----|---------------|-------------|------|---------------|-------------|-----|----|-----------|------|----|---------------|------|--|--------------|----|--|--------------|-----|--|-------------|----|--|-------------|-----|--|--|--|--|---------------|-----|--|--|--|--|------------------|-----|--|--|--|--|-------------|-------------|--|--|---------------|--|--|---------------|---------------|----------------------|------|---------------|--------------------|----|
| 3(e) | Timothy Sales ledger control account | | | | | | 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019 Oct 1</td> <td>Balance b/d</td> <td style="text-align: right;">6530</td> <td>2019 Oct 1</td> <td>Balance b/d</td> <td style="text-align: right;">110</td> </tr> <tr> <td>31</td> <td>Sales (1)</td> <td style="text-align: right;">7860</td> <td>31</td> <td>Bank/cash (1)</td> <td style="text-align: right;">5782</td> </tr> <tr> <td></td> <td>Interest (1)</td> <td style="text-align: right;">15</td> <td></td> <td>Discount (1)</td> <td style="text-align: right;">118</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">80</td> <td></td> <td>Returns (1)</td> <td style="text-align: right;">285</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Bad debts (1)</td> <td style="text-align: right;">260</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Contra(PLCA) (1)</td> <td style="text-align: right;">300</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;"><u>7630</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>14 485</u></td> <td></td> <td></td> <td style="text-align: right;"><u>14 485</u></td> </tr> <tr> <td>2019 Nov 1</td> <td>Balance b/d (1)OF</td> <td style="text-align: right;">7630</td> <td>2019 Nov 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">80</td> </tr> </tbody> </table> | | | | | | | Date | Details | \$ | Date | Details | \$ | 2019 Oct 1 | Balance b/d | 6530 | 2019 Oct 1 | Balance b/d | 110 | 31 | Sales (1) | 7860 | 31 | Bank/cash (1) | 5782 | | Interest (1) | 15 | | Discount (1) | 118 | | Balance c/d | 80 | | Returns (1) | 285 | | | | | Bad debts (1) | 260 | | | | | Contra(PLCA) (1) | 300 | | | | | Balance c/d | <u>7630</u> | | | <u>14 485</u> | | | <u>14 485</u> | 2019 Nov 1 | Balance b/d (1)OF | 7630 | 2019 Nov 1 | Balance b/d (1) | 80 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Oct 1 | Balance b/d | 6530 | 2019 Oct 1 | Balance b/d | 110 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | Sales (1) | 7860 | 31 | Bank/cash (1) | 5782 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Interest (1) | 15 | | Discount (1) | 118 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d | 80 | | Returns (1) | 285 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Bad debts (1) | 260 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Contra(PLCA) (1) | 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Balance c/d | <u>7630</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>14 485</u> | | | <u>14 485</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Nov 1 | Balance b/d (1)OF | 7630 | 2019 Nov 1 | Balance b/d (1) | 80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



| Question | Answer | | | | Marks | | | | | | | | | | |
|--------------|--|--------------------------|------------------|--|--------------|---------|-------------|--------------|--|--------|--|--------------------------|------------------|--|----------|
| 4(a) | <p style="text-align: center;">Abiola General Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date 2017</th> <th style="width: 40%;">Details</th> <th style="width: 15%;">Debit \$</th> <th style="width: 15%;">Credit \$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Sept 1</td> <td> Inventory } (1) Fixtures and fittings } Bank (1) Loan (1) Capital (1) Assets, liabilities and capital at this date or balances on assets, liabilities and capital or record the start of the business (1) </td> <td style="text-align: center; vertical-align: top;"> 6600 11 750 31 650 </td> <td style="text-align: center; vertical-align: top;"> 10 000 40 000 </td> <td></td> </tr> </tbody> </table> | | | | Date 2017 | Details | Debit \$ | Credit \$ | | Sept 1 | Inventory } (1) Fixtures and fittings } Bank (1) Loan (1) Capital (1) Assets, liabilities and capital at this date or balances on assets, liabilities and capital or record the start of the business (1) | 6600 11 750 31 650 | 10 000 40 000 | | 5 |
| Date 2017 | Details | Debit \$ | Credit \$ | | | | | | | | | | | | |
| Sept 1 | Inventory } (1) Fixtures and fittings } Bank (1) Loan (1) Capital (1) Assets, liabilities and capital at this date or balances on assets, liabilities and capital or record the start of the business (1) | 6600 11 750 31 650 | 10 000 40 000 | | | | | | | | | | | | |
| 4(b) | <p>To explain the reasons for the entries which are to be made in the ledger (1) Journal entries sometimes involve ‘out of the ordinary’ transactions (1) It is impossible to remember the reason for every entry (1) Transaction to be understood (1) Any 2 reasons (1) each</p> | | | | 2 | | | | | | | | | | |

| Question | Answer | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------|---|-------------|--------------|---------------------------|-------------|--------------|---------|-------------|--------------|---------|-------|-----------------------------------|--------|--------|--------|-----------------|-------------------------------|------|-----|--|----------|--|--|-------|-----------|------|--------|---------------------------|------|-------|--------|------|--|-------------|-------------|--|--|-------------|--|--|-------------|------|--|--|--|--|--|--------|-----------------|------|--|--|--|----------|
| 4(c) | <p style="text-align: center;">Abiola General Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date 2018</th> <th style="width: 40%;">Details</th> <th style="width: 15%;">Debit \$</th> <th style="width: 15%;">Credit \$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Mar 1</td> <td>Motor vehicles (1) Capital (1)</td> <td style="text-align: center;">12 000</td> <td style="text-align: center;">12 000</td> <td></td> </tr> <tr> <td>Mar 1</td> <td>Drawings (1) Purchases (1)</td> <td style="text-align: center;">450</td> <td style="text-align: center;">450</td> <td></td> </tr> </tbody> </table> | | | | | Date 2018 | Details | Debit \$ | Credit \$ | | Mar 1 | Motor vehicles (1) Capital (1) | 12 000 | 12 000 | | Mar 1 | Drawings (1) Purchases (1) | 450 | 450 | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date 2018 | Details | Debit \$ | Credit \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 1 | Motor vehicles (1) Capital (1) | 12 000 | 12 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 1 | Drawings (1) Purchases (1) | 450 | 450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(d) | <p style="text-align: center;">Abiola Rent payable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date 2018</th> <th style="width: 15%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">Date 2018</th> <th style="width: 15%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Sept 2</td> <td>Bank }</td> <td style="text-align: center;">3000</td> <td>Sept 1</td> <td>Balance b/d (1)</td> <td style="text-align: center;">500</td> </tr> <tr> <td>2019</td> <td>}</td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Feb 3</td> <td>Bank }(1)</td> <td style="text-align: center;">3000</td> <td>Aug 31</td> <td>Income statement (1)OF</td> <td style="text-align: center;">6000</td> </tr> <tr> <td>Aug 6</td> <td>Bank }</td> <td style="text-align: center;">1500</td> <td></td> <td>Balance c/d</td> <td style="text-align: center;"><u>1000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>7500</u></td> <td></td> <td></td> <td style="text-align: center;"><u>7500</u></td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 1</td> <td>Balance b/d (1)</td> <td style="text-align: center;">1000</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(1) Dates</p> | | | | | Date 2018 | Details | \$ | Date 2018 | Details | \$ | Sept 2 | Bank } | 3000 | Sept 1 | Balance b/d (1) | 500 | 2019 | } | | 2019 | | | Feb 3 | Bank }(1) | 3000 | Aug 31 | Income statement (1)OF | 6000 | Aug 6 | Bank } | 1500 | | Balance c/d | <u>1000</u> | | | <u>7500</u> | | | <u>7500</u> | 2019 | | | | | | Sept 1 | Balance b/d (1) | 1000 | | | | 5 |
| Date 2018 | Details | \$ | Date 2018 | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 2 | Bank } | 3000 | Sept 1 | Balance b/d (1) | 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | } | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb 3 | Bank }(1) | 3000 | Aug 31 | Income statement (1)OF | 6000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 6 | Bank } | 1500 | | Balance c/d | <u>1000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>7500</u> | | | <u>7500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 1 | Balance b/d (1) | 1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------|--|-------------|-----------------|------------------|-------------|---------|----|----------------|------------------------|-----|-----------------|--------|-----|----------------|-------------------------------|------|----------------|------------------|-----|--|--|--|----------------|--------|-----|--|--|--|-----------------|--------|-----|--|--|-------------|----------------|-------------|------------|----------------|------------------------|-----|--|--|-------------|----------|
| 4(e) | <p>Only the rent relating to the current year or correct amount is transferred to the income statement (1) This ensures that the profit for the year is shown at a more accurate figure (1) This ensures that the expenses for the year are matched against the revenue for the year (1) Accrued rent payable at the start of the year and prepaid at the end are not included (1) Any 2 reasons (1) each</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(f) | <p style="text-align: center;">Abiola Commission receivable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018 Sept 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">350</td> <td>2018 Sept 30</td> <td>Bank }</td> <td style="text-align: right;">350</td> </tr> <tr> <td>2019 Aug 31</td> <td>Income statement (1)OF</td> <td style="text-align: right;">1600</td> <td>2019 Jan 31</td> <td>Bank }(1)</td> <td style="text-align: right;">425</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 Apl 30</td> <td>Bank }</td> <td style="text-align: right;">395</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 July 31</td> <td>Bank }</td> <td style="text-align: right;">470</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1950</u></td> <td>2019 Aug 31</td> <td>Balance c/d</td> <td style="text-align: right;"><u>310</u></td> </tr> <tr> <td>2019 Sept 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">310</td> <td></td> <td></td> <td style="text-align: right;"><u>1950</u></td> </tr> </tbody> </table> <p>(1) Dates</p> | Date | Details | \$ | Date | Details | \$ | 2018 Sept 1 | Balance b/d (1) | 350 | 2018 Sept 30 | Bank } | 350 | 2019 Aug 31 | Income statement (1)OF | 1600 | 2019 Jan 31 | Bank }(1) | 425 | | | | 2019 Apl 30 | Bank } | 395 | | | | 2019 July 31 | Bank } | 470 | | | <u>1950</u> | 2019 Aug 31 | Balance c/d | <u>310</u> | 2019 Sept 1 | Balance b/d (1) | 310 | | | <u>1950</u> | 5 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 Sept 1 | Balance b/d (1) | 350 | 2018 Sept 30 | Bank } | 350 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Aug 31 | Income statement (1)OF | 1600 | 2019 Jan 31 | Bank }(1) | 425 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2019 Apl 30 | Bank } | 395 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2019 July 31 | Bank } | 470 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>1950</u> | 2019 Aug 31 | Balance c/d | <u>310</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Sept 1 | Balance b/d (1) | 310 | | | <u>1950</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|-----------------|---|----------------|--|------|--|-----------------|--|------|---|-----------------|--|-------------------|------|---------|----|------|---------|----|-----------------|----------------------------|------|---------------|-----------------|------|--|-----------------|-----|-----------------|-----------------|------|--|--|-------------|--|-----------------|-------------|--|--|--|--|--|-------------|---|
| 5(a) | Amounts paid by members of a club/society to use the facilities provided by that club/society | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(b) | <p style="text-align: center;">\$</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Subscriptions due for the year (50 × \$85)</td> <td style="text-align: right;">4250 (1)</td> </tr> <tr> <td>Add amount prepaid for following year (10 × \$85)</td> <td style="text-align: right;"><u>850 (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;">5100</td> </tr> <tr> <td>Less amount prepaid at start of year (14 × \$85)</td> <td style="text-align: right;"><u>1190 (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;">3910</td> </tr> <tr> <td>Less amount unpaid at end of year (22 × \$85)</td> <td style="text-align: right;"><u>1870 (1)</u></td> </tr> <tr> <td>Subscriptions received during the year</td> <td style="text-align: right;"><u>2040 (1)OF</u></td> </tr> </table> <p>Alternative presentation</p> <p style="text-align: center;">KW Club Subscriptions account</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2019 Sept 30</td> <td>Income and expenditure (1)</td> <td style="text-align: right;">4250</td> <td>2018 Oct 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">1190</td> </tr> <tr> <td></td> <td>Balance c/d (1)</td> <td style="text-align: right;">850</td> <td>2019 Sept 30</td> <td>Bank/cash (1)OF</td> <td style="text-align: right;">2040</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>5100</u></td> <td></td> <td>Balance c/d (1)</td> <td style="text-align: right;"><u>1870</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>5100</u></td> </tr> </tbody> </table> | Subscriptions due for the year (50 × \$85) | 4250 (1) | Add amount prepaid for following year (10 × \$85) | <u>850 (1)</u> | | 5100 | Less amount prepaid at start of year (14 × \$85) | <u>1190 (1)</u> | | 3910 | Less amount unpaid at end of year (22 × \$85) | <u>1870 (1)</u> | Subscriptions received during the year | <u>2040 (1)OF</u> | Date | Details | \$ | Date | Details | \$ | 2019 Sept 30 | Income and expenditure (1) | 4250 | 2018 Oct 1 | Balance b/d (1) | 1190 | | Balance c/d (1) | 850 | 2019 Sept 30 | Bank/cash (1)OF | 2040 | | | <u>5100</u> | | Balance c/d (1) | <u>1870</u> | | | | | | <u>5100</u> | 5 |
| Subscriptions due for the year (50 × \$85) | 4250 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add amount prepaid for following year (10 × \$85) | <u>850 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 5100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less amount prepaid at start of year (14 × \$85) | <u>1190 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3910 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less amount unpaid at end of year (22 × \$85) | <u>1870 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subscriptions received during the year | <u>2040 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Sept 30 | Income and expenditure (1) | 4250 | 2018 Oct 1 | Balance b/d (1) | 1190 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d (1) | 850 | 2019 Sept 30 | Bank/cash (1)OF | 2040 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>5100</u> | | Balance c/d (1) | <u>1870</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | <u>5100</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(c) | <p>If all members pay the bank balance should improve (1) by \$1000 or \$4250 to \$5250 (1)</p> <p>Should reduce deficit/increase surplus or increase income (1) by \$1000 or \$4250 to \$5250 (1)</p> <p>May mean that more members are late in paying their subscription or subscriptions accrued increases (1) already have 22 members who are in arrears (1)</p> <p>May mean that members leave the club (1) if they cannot afford the extra amount or if can find a similar cheaper club (1)</p> <p>Or other acceptable comments</p> <p>Any 4 comments</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--------------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------------|------------------------|--|---|---|---|---|--|---|--|------|--|--|--|------|--|---|--|------|--|--|--|--|------|---|
| 5(d) | <p>Possible answers include:</p> <table border="1" data-bbox="300 319 1872 711"> <thead> <tr> <th data-bbox="300 319 1088 383">Income and expenditure account</th> <th data-bbox="1088 319 1872 383">Receipts and payments account</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 383 1088 446">Equivalent to income statement</td> <td data-bbox="1088 383 1872 446">Summary of a cash book</td> </tr> <tr> <td data-bbox="300 446 1088 510">Used to calculate surplus or deficit</td> <td data-bbox="1088 446 1872 510">Shows the bank balance</td> </tr> <tr> <td data-bbox="300 510 1088 574">Items adjusted for accruals and payments</td> <td data-bbox="1088 510 1872 574">Requires payments and receipts irrespective of period</td> </tr> <tr> <td data-bbox="300 574 1088 638">Includes only revenue items</td> <td data-bbox="1088 574 1872 638">Includes capital (non-current assets) and revenue items</td> </tr> <tr> <td data-bbox="300 638 1088 711">Includes non-cash items eg depreciation</td> <td data-bbox="1088 638 1872 711">Includes all cash items not depreciation</td> </tr> </tbody> </table> <p>Max 4 marks (1 mark for each relevant statement) Accept other valid points.</p> | Income and expenditure account | Receipts and payments account | Equivalent to income statement | Summary of a cash book | Used to calculate surplus or deficit | Shows the bank balance | Items adjusted for accruals and payments | Requires payments and receipts irrespective of period | Includes only revenue items | Includes capital (non-current assets) and revenue items | Includes non-cash items eg depreciation | Includes all cash items not depreciation | 4 | | | | | | | | | | | | | | | | |
| Income and expenditure account | Receipts and payments account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equivalent to income statement | Summary of a cash book | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Used to calculate surplus or deficit | Shows the bank balance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Items adjusted for accruals and payments | Requires payments and receipts irrespective of period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Includes only revenue items | Includes capital (non-current assets) and revenue items | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Includes non-cash items eg depreciation | Includes all cash items not depreciation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(e) | <table border="1" data-bbox="300 842 1872 1342"> <thead> <tr> <th data-bbox="300 842 1303 911">error</th> <th colspan="3" data-bbox="1303 842 1872 911">effect of effort on the deficit</th> </tr> <tr> <th data-bbox="300 911 1303 979"></th> <th data-bbox="1303 911 1491 979">overstated</th> <th data-bbox="1491 911 1680 979">understated</th> <th data-bbox="1680 911 1872 979">no effect</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 979 1303 1048">the total of the income from a sports competition was understated</td> <td data-bbox="1303 979 1491 1048">✓(1)</td> <td data-bbox="1491 979 1680 1048"></td> <td data-bbox="1680 979 1872 1048"></td> </tr> <tr> <td data-bbox="300 1048 1303 1117">no entry had been made for bank charges</td> <td data-bbox="1303 1048 1491 1117"></td> <td data-bbox="1491 1048 1680 1117">✓(1)</td> <td data-bbox="1680 1048 1872 1117"></td> </tr> <tr> <td data-bbox="300 1117 1303 1185">proceeds of sale of club equipment were included in the income</td> <td data-bbox="1303 1117 1491 1185"></td> <td data-bbox="1491 1117 1680 1185">✓(1)</td> <td data-bbox="1680 1117 1872 1185"></td> </tr> <tr> <td data-bbox="300 1185 1303 1254">no adjustment was made of club shop wages accrued at the year-end</td> <td data-bbox="1303 1185 1491 1254"></td> <td data-bbox="1491 1185 1680 1254">✓(1)</td> <td data-bbox="1680 1185 1872 1254"></td> </tr> <tr> <td data-bbox="300 1254 1303 1342">shop rent was charged to the income and expenditure account instead of the shop income statement</td> <td data-bbox="1303 1254 1491 1342"></td> <td data-bbox="1491 1254 1680 1342"></td> <td data-bbox="1680 1254 1872 1342">✓(1)</td> </tr> </tbody> </table> | error | effect of effort on the deficit | | | | overstated | understated | no effect | the total of the income from a sports competition was understated | ✓(1) | | | no entry had been made for bank charges | | ✓(1) | | proceeds of sale of club equipment were included in the income | | ✓(1) | | no adjustment was made of club shop wages accrued at the year-end | | ✓(1) | | shop rent was charged to the income and expenditure account instead of the shop income statement | | | ✓(1) | 5 |
| error | effect of effort on the deficit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | overstated | understated | no effect | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| the total of the income from a sports competition was understated | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| no entry had been made for bank charges | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------|-----------|----------|-------------------|---------------------------------------|------------|-----------------|--|---|--|--|--------|---|-----|------|--|----------|--|------------------------------|------|--|-----------------------------|--------|--|--------------------|----------|--|---|-----------------|---------------|------------------------|--|--------|---------------------------|--|----------------|---------------------|--|----------------------|-----------|
| 6(a) | <p style="text-align: center;">Amrit Income Statement for the year ended 31 July 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Fees from clients</td> <td></td> <td style="text-align: right;">58 800 (1)</td> </tr> <tr> <td>Rent receivable</td> <td></td> <td style="text-align: right;"><u>3000 (1)</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">61 800</td> </tr> <tr> <td>Bad debts 80 (1) + 150 (1)</td> <td style="text-align: center;">230</td> <td></td> </tr> <tr> <td>Provision for doubtful debts 135 (1) – 100 (1)</td> <td style="text-align: center;">35</td> <td></td> </tr> <tr> <td>Insurance 2100 (1) – 300 (1)</td> <td style="text-align: center;">1800</td> <td></td> </tr> <tr> <td>Wages 38 000 (1) + 1500 (1)</td> <td style="text-align: center;">39 500</td> <td></td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: center;">6500 (1)</td> <td></td> </tr> <tr> <td>Depreciation Office equipment (20% × 16 000 – 3200)</td> <td style="text-align: center;"><u>2560 (1)</u></td> <td style="text-align: right;"><u>50 625</u></td> </tr> <tr> <td>Profit from operations</td> <td></td> <td style="text-align: right;">11 175</td> </tr> <tr> <td>Loan interest 5% × 15 000</td> <td></td> <td style="text-align: right;"><u>750 (1)</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>10 425 (1) OF</u></td> </tr> </tbody> </table> | | \$ | \$ | Fees from clients | | 58 800 (1) | Rent receivable | | <u>3000 (1)</u> | | | 61 800 | Bad debts 80 (1) + 150 (1) | 230 | | Provision for doubtful debts 135 (1) – 100 (1) | 35 | | Insurance 2100 (1) – 300 (1) | 1800 | | Wages 38 000 (1) + 1500 (1) | 39 500 | | Operating expenses | 6500 (1) | | Depreciation Office equipment (20% × 16 000 – 3200) | <u>2560 (1)</u> | <u>50 625</u> | Profit from operations | | 11 175 | Loan interest 5% × 15 000 | | <u>750 (1)</u> | Profit for the year | | <u>10 425 (1) OF</u> | 14 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fees from clients | | 58 800 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent receivable | | <u>3000 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 61 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debts 80 (1) + 150 (1) | 230 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for doubtful debts 135 (1) – 100 (1) | 35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance 2100 (1) – 300 (1) | 1800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages 38 000 (1) + 1500 (1) | 39 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating expenses | 6500 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation Office equipment (20% × 16 000 – 3200) | <u>2560 (1)</u> | <u>50 625</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit from operations | | 11 175 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan interest 5% × 15 000 | | <u>750 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | <u>10 425 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(b) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th style="width: 15%; text-align: center;">increase</th> <th style="width: 15%; text-align: center;">decrease</th> <th style="width: 35%; text-align: center;">no effect</th> </tr> </thead> <tbody> <tr> <td>extend the loan for a further 2 years</td> <td style="text-align: center;">✓(1)</td> <td></td> <td></td> </tr> <tr> <td>ask the bank to extend the overdraft facility</td> <td></td> <td></td> <td style="text-align: center;">✓(1)</td> </tr> <tr> <td>purchase new office equipment on credit</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> </tbody> </table> | | increase | decrease | no effect | extend the loan for a further 2 years | ✓(1) | | | ask the bank to extend the overdraft facility | | | ✓(1) | purchase new office equipment on credit | | ✓(1) | | 3 | | | | | | | | | | | | | | | | | | | | | | | |
| | increase | decrease | no effect | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| extend the loan for a further 2 years | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ask the bank to extend the overdraft facility | | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| purchase new office equipment on credit | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(c) | <p>Higher profit Lower capital employed/lower capital/lower long term liabilities Any 2 reasons (1) each</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|---|----------|
| 6(d) | Share losses Share responsibilities Share or spread risks Share decision-making Additional finance or capital may be available Additional skills and experience are available Any 2 advantages (1) each | 2 |
| 6(e) | Share profits Decisions must be recognised by all partners Decisions may take longer to implement One partner's actions can bind the other partners Disagreements can occur All partners are responsible for the debts of the business Other partner takes too much drawings Do not have full control Any 2 disadvantages (1) each | 2 |



| Question | Answer | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|---------------|-------|----|----|-------------------------------|--|--------|----------------------|--|--|-------|---------|--|-------|----------------|------------|--|--|--------|---------------------|--|--|-------|----------|--|-------|-----------------|--|--|------|--|--------------------|--|--|-------|-------------|---------------|--|--|------|-----------------|--|--|-------|------------|--|-------|-------------------|-------------|----------|
| 6(f) | <p style="text-align: center;">Amrit and Neena Estimated Profit and Loss Appropriation Account for the year ending 31 July 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Estimated profit for the year</td> <td></td> <td style="text-align: right;">15 500</td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amrit</td> <td style="text-align: right;">210 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Neena</td> <td style="text-align: right;"><u>150 (1)</u></td> <td style="text-align: right;"><u>360</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">15 860</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amrit</td> <td style="text-align: right;">3200 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Neena</td> <td style="text-align: right;"><u>2400 (1)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">5600</td> <td></td> </tr> <tr> <td>Partnership salary</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amrit</td> <td style="text-align: right;"><u>6000</u></td> <td style="text-align: right;"><u>11 600</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4260</td> </tr> <tr> <td>Share of profit</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amrit</td> <td style="text-align: right;">2556 (1)OF</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Neena</td> <td style="text-align: right;"><u>1704 (1)OF</u></td> <td style="text-align: right;"><u>4260</u></td> </tr> </tbody> </table> | | | \$ | \$ | Estimated profit for the year | | 15 500 | Interest on drawings | | | Amrit | 210 (1) | | Neena | <u>150 (1)</u> | <u>360</u> | | | 15 860 | Interest on capital | | | Amrit | 3200 (1) | | Neena | <u>2400 (1)</u> | | | 5600 | | Partnership salary | | | Amrit | <u>6000</u> | <u>11 600</u> | | | 4260 | Share of profit | | | Amrit | 2556 (1)OF | | Neena | <u>1704 (1)OF</u> | <u>4260</u> | 6 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Estimated profit for the year | | 15 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on drawings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amrit | 210 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Neena | <u>150 (1)</u> | <u>360</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 15 860 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amrit | 3200 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Neena | <u>2400 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 5600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Partnership salary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amrit | <u>6000</u> | <u>11 600</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 4260 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share of profit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amrit | 2556 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Neena | <u>1704 (1)OF</u> | <u>4260</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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CANDIDATE
NAME

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ACCOUNTING

0452/21

Paper 2

October/November 2019

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer **all** questions.

You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.

The businesses mentioned in this Question Paper are fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **21** printed pages and **3** blank pages.

- 1 Sophie employs a book-keeper to maintain her accounting records. The book-keeper was taken ill and was unable to complete the accounting records for August 2019.

The entries the book-keeper made in the cash book for August 2019 are shown on the opposite page.

The following transactions took place on 31 August 2019.

- 1 Received a cheque from Jason to settle his debt of \$550 after deducting 2% cash discount.
- 2 Paid a cheque to Ellie for \$858 to settle her account after deducting 2½% cash discount.

Sophie received her bank statement for August and compared it with her cash book.

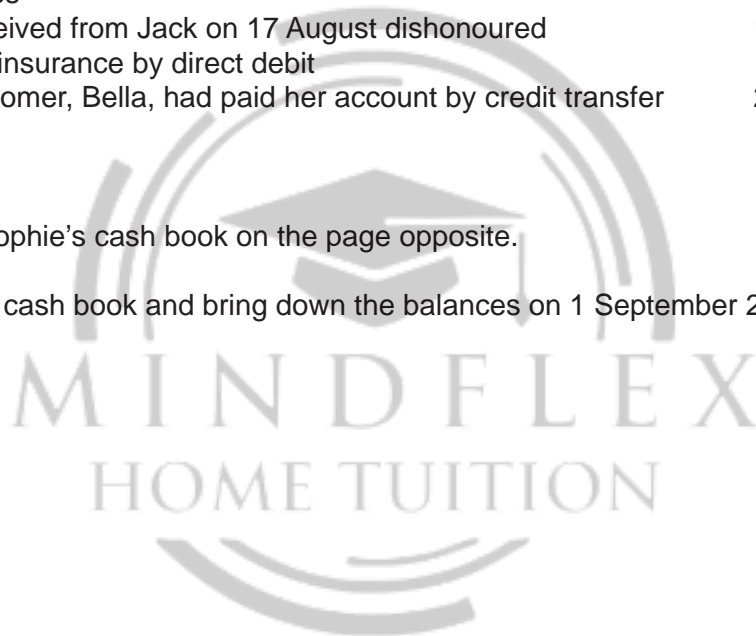
The following items appeared on the bank statement but had not been recorded in Sophie's accounting records.

| | |
|---|-----|
| | \$ |
| Bank charges | 53 |
| Cheque received from Jack on 17 August dishonoured | 156 |
| Payment of insurance by direct debit | 50 |
| A credit customer, Bella, had paid her account by credit transfer | 260 |

REQUIRED

- (a) Complete Sophie's cash book on the page opposite.

Balance the cash book and bring down the balances on 1 September 2019. [9]



Sophie
Cash Book

| Date | Details | Discount allowed \$ | Cash | Bank | Date | Details | Discount received \$ | Cash | Bank |
|-------|---------|---------------------|------|------|-------|------------|----------------------|------|------|
| 2019 | | | | | 2019 | | | | |
| Aug 1 | Balance | | 250 | | Aug 1 | Balance | | | 4010 |
| 17 | Jack | | | 156 | 2 | Petty cash | | 94 | |
| 24 | Sales | | 3820 | | 30 | Bank | | 2000 | |
| 29 | Capital | | | 5000 | | | | | |
| 30 | Cash | | | 2000 | | | | | |
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(b) State the meaning of the balance in the bank column in the cash book on 1 August 2019.
..... [1]

(c) State the meaning of the entry made in the cash book on 2 August 2019.
.....
..... [1]

(d) Explain the entries made in the cash book on 30 August 2019.
.....
.....
..... [2]

The bank had not recorded transactions entered in the cash book on 30 August and 31 August 2019.

REQUIRED

(e) Prepare a bank reconciliation statement for Sophie at 31 August 2019 to determine the balance on the bank statement.

Sophie
Bank Reconciliation Statement at 31 August 2019

.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [5]

(f) State **two** reasons for preparing a bank reconciliation statement.
1
.....
2
..... [2]

Sophie's ledger is divided into three: the sales ledger, the purchases ledger and the nominal (general) ledger.

REQUIRED

(g) (i) Identify **one** transaction recorded in Sophie's cash book which would also be recorded in the sales ledger.

..... [1]

(ii) Identify **one** transaction recorded in Sophie's cash book which would also be recorded in the purchases ledger.

..... [1]

(iii) Identify **two** transactions recorded in Sophie's cash book which would also be recorded in the nominal (general) ledger.

1

2 [2]

[Total: 24]



2 The financial year of CS Limited ends on 30 September.

The following information is available for the year ended 30 September 2019.

- 1 The final ordinary share dividend of \$6000 for the year ended 30 September 2018 was paid on 1 December 2018.
- 2 The profit for the year ended 30 September 2019 was \$15000.
- 3 On 30 September 2019 a transfer of \$5000 was made to general reserve.

REQUIRED

(a) Complete the statement of changes in equity for the year ended 30 September 2019.

CS Limited
Statement of Changes in Equity for the year ended 30 September 2019

| Details | Share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ |
|----------------------|---------------------|-----------------------|-------------------------|-------------|
| On 1 October 2018 | 150 000 | 7 000 | 16 000 | 173 000 |
| | | | | |
| | | | | |
| | | | | |
| On 30 September 2019 | | | | |
| | | | | |

[4]

The following information is available at 30 September 2019.

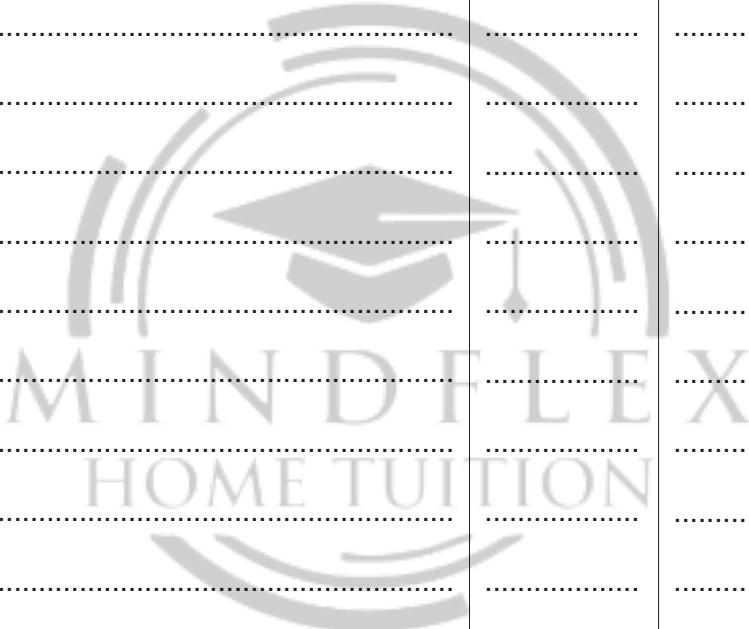
| | \$ |
|---|---------|
| Non-current assets at cost | |
| Premises | 172 000 |
| Machinery | 38 000 |
| Fixtures and fittings | 19 500 |
| Provisions for depreciation of non-current assets | |
| Machinery | 13 680 |
| Fixtures and fittings | 3 900 |
| Inventory | 14 360 |
| Trade payables | 14 866 |
| Trade receivables | 16 800 |
| Other payables | 198 |
| Other receivables | 110 |
| Provision for doubtful debts | 504 |
| Petty cash | 200 |
| Bank overdraft | 10 822 |
| 5% Debentures (repayable 1 October 2030) | 25 000 |
| Bank loan (repayable 1 April 2020) | 10 000 |

REQUIRED

(b) Prepare the statement of financial position at 30 September 2019.

CS Limited
Statement of Financial Position at 30 September 2019

| | \$ | \$ | \$ |
|-------|-------|-------|-------|
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[14]

The directors were disappointed that the profit for the current year was not as good as that of previous years.

REQUIRED

- (c) Explain why the difference between the gross profit percentage and the percentage of profit to revenue is an indication of the efficiency of the company.

.....

.....

.....

.....

.....

[2]

The directors were also disappointed with the return on capital employed (ROCE). They decided to ask the bank to extend the repayment date of the bank loan to 1 April 2025.

REQUIRED

(d) State what is measured by the return on capital employed (ROCE).

.....
..... [1]

(e) Explain the effect on the return on capital employed (ROCE) of extending the loan repayment date.

.....
.....
.....
.....
.....
.....
..... [2]

[Total: 23]



3 Yabani is a manufacturer. His financial year ends on 30 September.

Goods which Yabani is unable to manufacture himself are purchased from other manufacturers.

Yabani provided the following information for the year ended 30 September 2019.

| | \$ |
|--|--------|
| At 1 October 2018 | |
| Inventory of finished goods | 21 340 |
| Delivery vehicle at cost | 19 500 |
| Provision for depreciation of delivery vehicle | 3 900 |
| Office fixtures and fittings at cost | 14 100 |
| Provision for depreciation of office fixtures and fittings | 5 640 |

For the year ended 30 September 2019

| | |
|--|---------|
| Cost of production | 141 220 |
| Revenue | 205 000 |
| Purchases of finished goods | ? |
| Carriage inwards on finished goods | 2 000 |
| Administration and selling expenses (excluding depreciation) | 22 120 |

At 30 September 2019

| | |
|-----------------------------|--------|
| Inventory of finished goods | 22 560 |
|-----------------------------|--------|

Additional information

- 1 The delivery vehicle is to be depreciated at 20% per annum using the reducing (diminishing) balance method.
- 2 The office fixtures and fittings are to be depreciated at 10% per annum using the straight line (equal instalment) method.
- 3 The percentage of gross profit to revenue (gross profit margin) is 20%.

REQUIRED

- (a)** Prepare an income statement for the year ended 30 September 2019. Insert the missing figure for purchases of finished goods.

Yabani
Income Statement for the year ended 30 September 2019

| | \$ | \$ | \$ |
|-------|-------|-------|-------|
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[12]

Yabani is looking for ways to increase his gross profit.

REQUIRED

(b) Discuss the possible effects on the gross profit of **each** of the following proposals.

(i) Purchase lower-quality raw materials

.....
.....
.....
..... [2]

(ii) Do **not** purchase finished goods from other manufacturers

.....
.....
.....
..... [2]

(iii) Reduce the number of sales staff

.....
.....
.....
..... [2]

(iv) Reduce the rate of pay for the machine operators in the factory

.....
.....
.....
..... [2]

[Total: 20]

4 Ishaq started a business on 1 August 2018. He did not maintain a full set of accounting records.

All purchases were made on credit terms. Some goods were sold on credit terms and some were sold for cash.

All payments were made through the bank and all money received was banked.

Ishaq was able to provide the following information.

| | \$ |
|---|--------|
| On 1 August 2018 | |
| Capital deposited in business bank account | 95 000 |
| Purchase of non-current assets by bank transfer | 70 000 |

During the year ended 31 July 2019

| | |
|---------------------------------------|--------|
| Amount received from credit customers | 47 385 |
| Cash discount allowed | 1 215 |
| Cash discount received | 981 |
| Credit purchases | 38 450 |
| Returns to credit suppliers | 1 980 |
| Bad debts written off | 150 |
| Operating expenses paid | 21 451 |

At 31 July 2019

| | |
|---------------------------------|--------|
| Amount owed by credit customers | 7 650 |
| Amount owed to credit suppliers | 3 770 |
| Cash at bank | 21 315 |

REQUIRED

(a) Calculate the amount paid to credit suppliers during the year ended 31 July 2019.

.....

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.....

[5]

(b) Calculate the credit sales for the year ended 31 July 2019.

.....

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.....

..... [5]

Ishaq's cash sales were equal to one quarter of his credit sales.
He kept \$3000 of the money received from cash sales for personal use and banked the remainder.

REQUIRED

(c) Calculate the amount paid into the bank from cash sales.

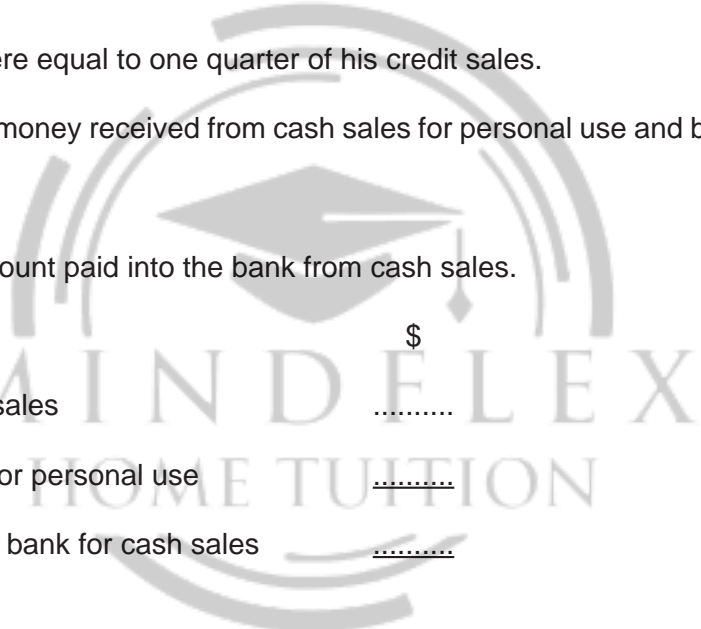
\$

Amount of cash sales

Less Cash kept for personal use

Amount paid into bank for cash sales

[2]



- (f) Complete the table by placing a tick (✓) in the correct column to indicate the effect of Ishaq undervaluing his inventory at 31 July 2019.

| | overstated | understated |
|--|------------|-------------|
| gross profit for the year ended 31 July 2019 | | |
| current assets at 31 July 2019 | | |
| cost of sales for the year ending 31 July 2020 | | |
| profit for the year ending 31 July 2020 | | |

[4]

[Total: 26]





5 Lili is a clothing wholesaler. Her financial year ends on 31 July.

Lili purchases most of her stationery on credit from SS Limited, but also purchases a few items from a local store for cash.

Her transactions for the year ended 31 July 2019 included the following.

2018

September 3 Paid the amount owed to SS Limited by bank transfer after deducting 2½% cash discount

2019

March 30 Purchased stationery, \$45, and paid in cash

July 6 Purchased stationery on credit from SS Limited, \$322

On 31 July 2019 Lili's inventory of stationery was valued at \$96.

REQUIRED

(a) Complete the following accounts in Lili's ledger for the year ended 31 July 2019.

Close the accounts by balancing, and make a transfer to the income statement if appropriate.

Lili
SS Limited account

| Date | Details | \$ | Date | Details | \$ |
|-------|---------|-------|---------------|-------------|-------|
| | | | 2018 Aug 1 | Balance b/d | 440 |
| | | | | | |
| | | | | | |
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Stationery account

| Date | Details | \$ | Date | Details | \$ |
|---------------|-------------|-------|-------|---------|-------|
| 2018 Aug 1 | Balance b/d | 85 | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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[9]

Lili trades on credit terms.

If Lili's credit customers pay their accounts within 30 days they are entitled to a cash discount. If Lili pays her credit suppliers within 40 days she is entitled to a cash discount.

Lili provided the following information.

| | 31 July 2018 | 31 July 2019 |
|-------------------------------------|--------------|--------------|
| Trade receivables collection period | 33 days | 29 days |
| Trade payables payment period | 38 days | 44 days |

REQUIRED

(b) Suggest **two** reasons for the change in the trade receivables collection period.

- 1
 - 2
- [2]

(c) State **one** disadvantage to the credit suppliers of the change in the payment period.

-
- [1]

Lili's credit suppliers are proposing to reduce the credit period to 30 days and increase the cash discount to 3%.

REQUIRED

(d) Discuss how this may affect Lili.

.....
.....
.....
.....
.....
..... [2]

Lili's receipts and payments during the financial year ended 31 July 2019 included both capital and revenue items.

REQUIRED

(e) State the meaning of **each** of the following terms.

Capital expenditure

.....
.....

Capital receipt

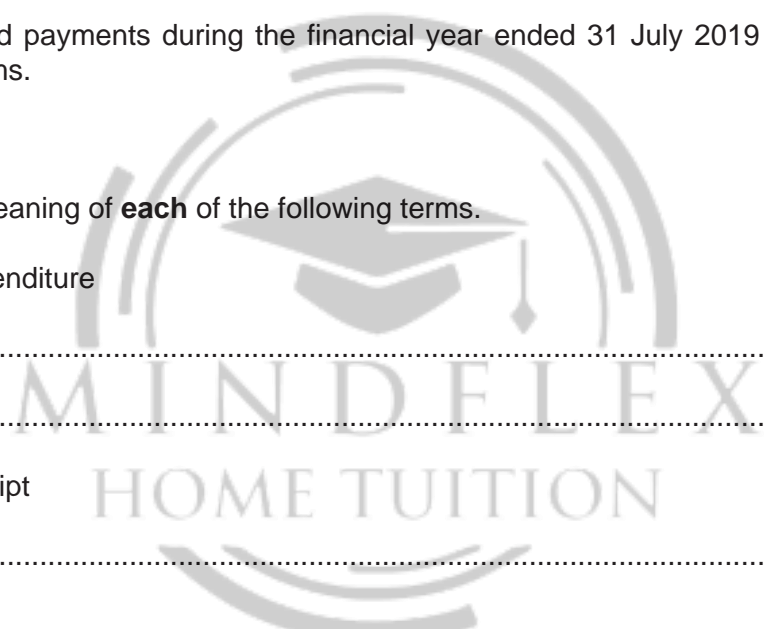
.....
.....

Revenue expenditure

.....
.....

Revenue receipt

.....
..... [4]



After the preparation of the draft financial statements for the year ended 31 July 2019 the following errors were discovered.

- Error 1 Rent received, \$3000, had been debited to the cash book and credited to the premises account.
- Error 2 Repairs to premises, \$1630, had been credited to the cash book and debited to the premises account.
- Error 3 The total of the discount allowed column in the cash book, \$640, had been credited to the discount received account.
- Error 4 The purchase of office furniture, \$1500, had been debited to the purchases account and credited to the supplier's account.
Office furniture is depreciated at 10% per annum calculated on the cost of office furniture owned at the end of each financial year.

REQUIRED

- (f) Complete the table to indicate the **effect of each** of the errors.
Where there is no effect on the non-current assets place a tick (✓) in the 'No effect' column.

The first one has been completed as an example.

You may use the space provided for your workings.

| | effect in non-current assets | | | effect on profit for the year | |
|---------|------------------------------|-------------------|-----------|-------------------------------|-------------------|
| | overstated \$ | understated \$ | no effect | overstated \$ | understated \$ |
| error 1 | | 3000 | | | 3000 |
| error 2 | | | | | |
| error 3 | | | | | |
| error 4 | | | | | |

[9]

Workings

[Total: 27]

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Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/21

Paper 2

October/November 2019

MARK SCHEME

Maximum Mark: 120

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **17** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.



| Question | Answer | | | | | | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------|--|-------------|---------------|---------------|--------------|-----------------|-------------|------------|------------|--|--------------|---------|-------------|------------|------------|--------------|---------|-------------|------------|------------|-------|-------------|--|-----|--|-------|-------------|--|--|------|----|------|--|--|-----|---|------------|--|----|--|----|-------|--|------|--|----|------|--|------|--|----|---------|--|--|------|----|-------|--------|--|-----|----|------|--|--|------|--|--------------|-----|--|----|----|-------|--------|--|-----|--|-----------------|-----|--|-----|--|-------|-----|--|-----|--|-----------|-----|--|----|--|--|--|--|--|--|-------------|--|------|------|----------------|-------------|----|------|------|--|--|----|------|------|--|--|--|---------------|---------------|--|--|--|--|--|----------|
| 1(a) | <p style="text-align: center;">Sophie Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">Disc. \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> <th style="width: 10%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">Disc. \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> </tr> </thead> <tbody> <tr> <td>Aug 1</td> <td>Balance b/d</td> <td></td> <td>250</td> <td></td> <td>Aug 1</td> <td>Balance b/d</td> <td></td> <td></td> <td>4010</td> </tr> <tr> <td>17</td> <td>Jack</td> <td></td> <td></td> <td>156</td> <td>2</td> <td>Petty cash</td> <td></td> <td>94</td> <td></td> </tr> <tr> <td>24</td> <td>Sales</td> <td></td> <td>3820</td> <td></td> <td>30</td> <td>Bank</td> <td></td> <td>2000</td> <td></td> </tr> <tr> <td>29</td> <td>Capital</td> <td></td> <td></td> <td>5000</td> <td>31</td> <td>Ellie</td> <td>(1) 22</td> <td></td> <td>858</td> </tr> <tr> <td>30</td> <td>Cash</td> <td></td> <td></td> <td>2000</td> <td></td> <td>Bank charges</td> <td>(1)</td> <td></td> <td>53</td> </tr> <tr> <td>31</td> <td>Jason</td> <td>(1) 11</td> <td></td> <td>539</td> <td></td> <td>Jack (Dis. chq)</td> <td>(1)</td> <td></td> <td>156</td> </tr> <tr> <td></td> <td>Bella</td> <td>(1)</td> <td></td> <td>260</td> <td></td> <td>Insurance</td> <td>(1)</td> <td></td> <td>50</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td></td> <td>1976</td> <td>2828</td> </tr> <tr> <td>2019 Sept 1</td> <td>Balance b/d</td> <td>11</td> <td>4070</td> <td>7955</td> <td></td> <td></td> <td>22</td> <td>4070</td> <td>7955</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1976 (1)OF</td> <td>2828 (1)OF</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+ (1) OF totalling both discount columns</p> | | | | | | | | | | Date 2019 | Details | Disc. \$ | Cash \$ | Bank \$ | Date 2019 | Details | Disc. \$ | Cash \$ | Bank \$ | Aug 1 | Balance b/d | | 250 | | Aug 1 | Balance b/d | | | 4010 | 17 | Jack | | | 156 | 2 | Petty cash | | 94 | | 24 | Sales | | 3820 | | 30 | Bank | | 2000 | | 29 | Capital | | | 5000 | 31 | Ellie | (1) 22 | | 858 | 30 | Cash | | | 2000 | | Bank charges | (1) | | 53 | 31 | Jason | (1) 11 | | 539 | | Jack (Dis. chq) | (1) | | 156 | | Bella | (1) | | 260 | | Insurance | (1) | | 50 | | | | | | | Balance c/d | | 1976 | 2828 | 2019 Sept 1 | Balance b/d | 11 | 4070 | 7955 | | | 22 | 4070 | 7955 | | | | 1976 (1)OF | 2828 (1)OF | | | | | | 9 |
| Date 2019 | Details | Disc. \$ | Cash \$ | Bank \$ | Date 2019 | Details | Disc. \$ | Cash \$ | Bank \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 1 | Balance b/d | | 250 | | Aug 1 | Balance b/d | | | 4010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | Jack | | | 156 | 2 | Petty cash | | 94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | Sales | | 3820 | | 30 | Bank | | 2000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29 | Capital | | | 5000 | 31 | Ellie | (1) 22 | | 858 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | Cash | | | 2000 | | Bank charges | (1) | | 53 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | Jason | (1) 11 | | 539 | | Jack (Dis. chq) | (1) | | 156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Bella | (1) | | 260 | | Insurance | (1) | | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | Balance c/d | | 1976 | 2828 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 Sept 1 | Balance b/d | 11 | 4070 | 7955 | | | 22 | 4070 | 7955 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 1976 (1)OF | 2828 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(b) | Bank overdraft/amount Sophie owed the bank | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(c) | Amount withdrawn from the cash to transfer to the petty cash book/amount given in cash to the petty cashier | | | | | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(d) | This is a contra entry (1) Money was transferred to the bank account from the cash account (1) | | | | | | | | | | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|--|------------|-------------|-------|--|----|----|---------------------------|--------------|--|------|--------------------------|--|--|--|------|------------|------|--|----------------|--------------|------------|-------------|--|--|--|------|--------------------------|--|--|--|-------|--------------|--|------------|----------------------|--------------|--|-------------|--|--|----|----|----------------------|--------------|--|------|--------------------------|--|--|--|-------|--------------|--|------------|--|--|--|------|--------------------------|--|------|--|------|------------|------------|-------------|----------------|--------------|--|-------------|---------------------------|--------------|--|--|----------|
| 1(e) | <p style="text-align: center;">Sophie Bank Reconciliation Statement at 31 August 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Balance on bank statement</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;">1147</td> </tr> <tr> <td>Amounts not yet credited</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Cash</td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">2000</td> <td></td> </tr> <tr> <td> Cheque – Jason</td> <td style="text-align: right;">(1)OF</td> <td style="text-align: right;"><u>539</u></td> <td style="text-align: right;"><u>2539</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">3686</td> </tr> <tr> <td>Cheque not yet presented</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Ellie</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;"><u>858</u></td> </tr> <tr> <td>Balance in cash book</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;"><u>2828</u></td> </tr> </tbody> </table> <p style="text-align: center;">Alternative presentation</p> <p style="text-align: center;">Sophie Bank Reconciliation Statement at 31 August 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Balance in cash book</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;">2828</td> </tr> <tr> <td>Cheque not yet presented</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Ellie</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;"><u>858</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">3686</td> </tr> <tr> <td>Amounts not yet credited</td> <td></td> <td style="text-align: right;">2000</td> <td></td> </tr> <tr> <td> Cash</td> <td style="text-align: right;">(1)</td> <td style="text-align: right;"><u>539</u></td> <td style="text-align: right;"><u>2539</u></td> </tr> <tr> <td> Cheque – Jason</td> <td style="text-align: right;">(1)OF</td> <td></td> <td style="text-align: right;"><u>1147</u></td> </tr> <tr> <td>Balance on bank statement</td> <td style="text-align: right;">(1)OF</td> <td></td> <td></td> </tr> </tbody> </table> | | | | | \$ | \$ | Balance on bank statement | (1)OF | | 1147 | Amounts not yet credited | | | | Cash | (1) | 2000 | | Cheque – Jason | (1)OF | <u>539</u> | <u>2539</u> | | | | 3686 | Cheque not yet presented | | | | Ellie | (1)OF | | <u>858</u> | Balance in cash book | (1)OF | | <u>2828</u> | | | \$ | \$ | Balance in cash book | (1)OF | | 2828 | Cheque not yet presented | | | | Ellie | (1)OF | | <u>858</u> | | | | 3686 | Amounts not yet credited | | 2000 | | Cash | (1) | <u>539</u> | <u>2539</u> | Cheque – Jason | (1)OF | | <u>1147</u> | Balance on bank statement | (1)OF | | | 5 |
| | | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance on bank statement | (1)OF | | 1147 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts not yet credited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | (1) | 2000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheque – Jason | (1)OF | <u>539</u> | <u>2539</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 3686 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheque not yet presented | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ellie | (1)OF | | <u>858</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance in cash book | (1)OF | | <u>2828</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance in cash book | (1)OF | | 2828 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheque not yet presented | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ellie | (1)OF | | <u>858</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 3686 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts not yet credited | | 2000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | (1) | <u>539</u> | <u>2539</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheque – Jason | (1)OF | | <u>1147</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance on bank statement | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|-----------|---|----------|
| 1(f) | Obtain the correct bank balance Identify errors in the bank columns of the cash book Identify errors on the bank statement Assist in discovering fraud and embezzlement Identify amounts/cheques not credited by the bank Identify cheques not presented Identify stale cheques Understand/reconcile the differences between the bank account/bank column in cash book and the bank statement Any 2 reasons (1) each | 2 |
| 1(g)(i) | August 17 Cheque received from Jack 31 Return of dishonoured cheque to Jack 31 Cheque received from Jason 31 Discount allowed to Jason 31 Payment by credit transfer from Bella Any 1 transaction (1) mark | 1 |
| 1(g)(ii) | August 31 Cheque paid to Ellie Discount received from Ellie Any 1 transaction (1) mark | 1 |
| 1(g)(iii) | August 24 Sales 29 Capital 31 Bank charges Insurance Any 2 transactions (1) mark each | 2 |

| Question | Answer | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|-----------------------|-------------------------|-------------|--------------|---------|------------------------------|-----------------------|-------------------------|-------------|--|-------------------|---------|-------|--------|---------|--|---------------------|-------|-------|--------|--------|------------|---------------------|-------|-------|---------|---------|------------|-----------------------------|-------|-------|---------|-------|------------|----------------------|---------|--------|--------|---------|--------------|----------|
| 2(a) | <p style="text-align: center;">CS Limited Statement of Changes in Equity for the year ended 30 September 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Details</th> <th style="width: 15%;">Ordinary share capital \$</th> <th style="width: 15%;">General reserve \$</th> <th style="width: 15%;">Retained earnings \$</th> <th style="width: 15%;">Total \$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>On 1 October 2018</td> <td style="text-align: right;">150 000</td> <td style="text-align: right;">7 000</td> <td style="text-align: right;">16 000</td> <td style="text-align: right;">173 000</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: center;">.....</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">15 000</td> <td style="text-align: right;">15 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Final dividend paid</td> <td style="text-align: center;">.....</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">(6 000)</td> <td style="text-align: right;">(6 000)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Transfer to general reserve</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">5 000</td> <td style="text-align: right;">(5 000)</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>On 30 September 2019</td> <td style="text-align: right;">150 000</td> <td style="text-align: right;">12 000</td> <td style="text-align: right;">20 000</td> <td style="text-align: right;">182 000</td> <td style="text-align: right;">(1)OF</td> </tr> </tbody> </table> | | | | | Details | Ordinary share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | | On 1 October 2018 | 150 000 | 7 000 | 16 000 | 173 000 | | Profit for the year | | | 15 000 | 15 000 | (1) | Final dividend paid | | | (6 000) | (6 000) | (1) | Transfer to general reserve | | 5 000 | (5 000) | | (1) | On 30 September 2019 | 150 000 | 12 000 | 20 000 | 182 000 | (1)OF | 4 |
| Details | Ordinary share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 1 October 2018 | 150 000 | 7 000 | 16 000 | 173 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | 15 000 | 15 000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Final dividend paid | | | (6 000) | (6 000) | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to general reserve | | 5 000 | (5 000) | | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 30 September 2019 | 150 000 | 12 000 | 20 000 | 182 000 | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



| Question | Answer | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|--|-----------------------------------|----------------------|--------|------------|-----------------------------------|------------------|--------------------|--|--|--|----------|---------|--|---------|-----------|--------|--------|------------|-----------------------|---------------|--------------|-------------------|--|----------------|---------------|--------------------|----------------|--|--|--|-----------|--|--|--|-------------------|--|--|--------|-----------------------------------|--|--|--|-------------------|--|--------|------------|------------|--|------------|-----|--|--|--|----------------|--|--|--|-------------------|--------------|--|--|----------------|------------------------|--|--|--|---------------------|--|--|--|-----------------|--|--|---------|-----------------|--|--|--------------|-------------------|--|--|---------------------|--|--|--|----------------------|--|--|--|------------------|-----------|
| 2(b) | <p style="text-align: center;">CS Limited Statement of Financial Position at 30 September 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Assets</th> <th style="width: 15%;">\$ Cost</th> <th style="width: 15%;">\$ Accumulated depreciation</th> <th style="width: 35%;">\$ Book value</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Premises</td> <td style="text-align: right;">172 000</td> <td></td> <td style="text-align: right;">172 000</td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">38 000</td> <td style="text-align: right;">13 680</td> <td style="text-align: right;">24 320 (1)</td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;"><u>19 500</u></td> <td style="text-align: right;"><u>3 900</u></td> <td style="text-align: right;"><u>15 600 (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>229 500</u></td> <td style="text-align: right;"><u>17 580</u></td> <td style="text-align: right;"><u>211 920 (1)</u></td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td></td> <td></td> <td style="text-align: right;">14 360</td> </tr> <tr> <td>Less provision for doubtful debts</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other receivables</td> <td></td> <td style="text-align: right;">16 800</td> <td style="text-align: right;">16 296 (1)</td> </tr> <tr> <td>Petty cash</td> <td></td> <td style="text-align: right;"><u>504</u></td> <td style="text-align: right;">110</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>200 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>30 966 (1)</u></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>242 886</u></td> </tr> <tr> <td>Equity and liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity and reserves</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary shares</td> <td></td> <td></td> <td style="text-align: right;">150 000</td> </tr> <tr> <td>General reserve</td> <td></td> <td></td> <td style="text-align: right;">12 000 (1)OF</td> </tr> <tr> <td>Retained earnings</td> <td></td> <td></td> <td style="text-align: right;"><u>20 000 (1)OF</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>182 000 (1)OF</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">Continued</td> </tr> </tbody> </table> | | | Assets | \$ Cost | \$ Accumulated depreciation | \$ Book value | Non-current assets | | | | Premises | 172 000 | | 172 000 | Machinery | 38 000 | 13 680 | 24 320 (1) | Fixtures and fittings | <u>19 500</u> | <u>3 900</u> | <u>15 600 (1)</u> | | <u>229 500</u> | <u>17 580</u> | <u>211 920 (1)</u> | Current assets | | | | Inventory | | | | Trade receivables | | | 14 360 | Less provision for doubtful debts | | | | Other receivables | | 16 800 | 16 296 (1) | Petty cash | | <u>504</u> | 110 | | | | <u>200 (1)</u> | | | | <u>30 966 (1)</u> | Total assets | | | <u>242 886</u> | Equity and liabilities | | | | Equity and reserves | | | | Ordinary shares | | | 150 000 | General reserve | | | 12 000 (1)OF | Retained earnings | | | <u>20 000 (1)OF</u> | | | | <u>182 000 (1)OF</u> | | | | Continued | 14 |
| Assets | \$ Cost | \$ Accumulated depreciation | \$ Book value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Premises | 172 000 | | 172 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machinery | 38 000 | 13 680 | 24 320 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixtures and fittings | <u>19 500</u> | <u>3 900</u> | <u>15 600 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>229 500</u> | <u>17 580</u> | <u>211 920 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | | | 14 360 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less provision for doubtful debts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other receivables | | 16 800 | 16 296 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Petty cash | | <u>504</u> | 110 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>200 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>30 966 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | | | <u>242 886</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity and liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity and reserves | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary shares | | | 150 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General reserve | | | 12 000 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained earnings | | | <u>20 000 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>182 000 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Continued | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | | Marks |
|----------|---|--|--|--|----------|
| 2(b) | Non-current liabilities 5% Debentures (repayable 1 October 2030) Current Liabilities Trade payables Other payables Bank overdraft Bank loan (repayable 1 April 2020) Total equity and liabilities | | | <u>25 000</u> (1) 14 866 198 (1) 10 822 (1) <u>10 000</u> (1) <u>35 886</u> (1) <u>242 886</u> | |
| 2(c) | The difference between the two percentages represents the percentage of expenses to revenue (1) The lower the percentage the more efficiently the expenses are being controlled (1) Or other suitable comments Any 2 comments (1) each | | | | 2 |
| 2(d) | The profit earned for every \$100 used in the business | | | | 1 |
| 2(e) | The return on capital employed will decrease (1) because the capital employed will increase (1) | | | | 2 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------------|--------------------------------------|----|----|---------|--|--|-------------|---------------|--|--|--|-------------------------------------|--|--|--|--------------------|--|-------------|--|-----------------------------|--|-------------|--|----------------------------|--------------|--|--|--|------------------|---------------|--|-------------------------------------|--|---------------|--|--------------|--|---------------------|--------------------|-------------------------------------|--|--|------------|---|--|------------|--|---|--|-----------|--|---------------------|--|------------------|--------------------------------------|----|
| 3(a) | <p style="text-align: center;">Yabani Income Statement for the year ended 30 September 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td></td> <td style="text-align: right;">205 000 (1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory of finished goods</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cost of production</td> <td></td> <td style="text-align: right;">21 340 (1)*</td> <td></td> </tr> <tr> <td>Purchases of finished goods</td> <td></td> <td style="text-align: right;">141 220 (1)</td> <td></td> </tr> <tr> <td>Carriage on finished goods</td> <td style="text-align: right;">22 000 (1)OF</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2 000 (1)</u></td> <td style="text-align: right;"><u>24 000</u></td> <td></td> </tr> <tr> <td>Closing inventory of finished goods</td> <td></td> <td style="text-align: right;">186 560 (1)OF</td> <td></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;"><u>22 560* both</u></td> <td style="text-align: right;"><u>164 000 (1)</u></td> </tr> <tr> <td>Administration and selling expenses</td> <td></td> <td></td> <td style="text-align: right;">41 000 (1)</td> </tr> <tr> <td>Depreciation – delivery vehicle (20% × (19 500 – 3900))</td> <td></td> <td style="text-align: right;">22 120 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">office fixtures and fittings (10% × 14 100)</td> <td></td> <td style="text-align: right;">3 120 (1)</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>1 410 (1)</u></td> <td style="text-align: right;"><u>26 650</u> <u>14 350 (1)OF</u></td> </tr> </tbody> </table> | | \$ | \$ | \$ | Revenue | | | 205 000 (1) | Cost of sales | | | | Opening inventory of finished goods | | | | Cost of production | | 21 340 (1)* | | Purchases of finished goods | | 141 220 (1) | | Carriage on finished goods | 22 000 (1)OF | | | | <u>2 000 (1)</u> | <u>24 000</u> | | Closing inventory of finished goods | | 186 560 (1)OF | | Gross profit | | <u>22 560* both</u> | <u>164 000 (1)</u> | Administration and selling expenses | | | 41 000 (1) | Depreciation – delivery vehicle (20% × (19 500 – 3900)) | | 22 120 (1) | | office fixtures and fittings (10% × 14 100) | | 3 120 (1) | | Profit for the year | | <u>1 410 (1)</u> | <u>26 650</u> <u>14 350 (1)OF</u> | 12 |
| | \$ | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | | | 205 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory of finished goods | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of production | | 21 340 (1)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases of finished goods | | 141 220 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carriage on finished goods | 22 000 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>2 000 (1)</u> | <u>24 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory of finished goods | | 186 560 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | <u>22 560* both</u> | <u>164 000 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administration and selling expenses | | | 41 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation – delivery vehicle (20% × (19 500 – 3900)) | | 22 120 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| office fixtures and fittings (10% × 14 100) | | 3 120 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | <u>1 410 (1)</u> | <u>26 650</u> <u>14 350 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(b)(i) | <p>Gross profit increases (1) the cost of production reduces (1) OR Gross profit may decrease (1) if the raw materials are lower quality there may be more wastage and cost of production may increase (1) so OR Gross profit may decrease (1) If the finished goods are of a lower quality the customers may seek other suppliers so the revenue may decrease (1) Max 2</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(b)(ii) | <p>Gross profit would increase (1) cost of goods sold would decrease (1) OR Gross profit may decrease (1) the total sales may reduce as customers go elsewhere if Yabani cannot supply these goods (1) Max 2</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|-----------|--|----------|
| 3(b)(iii) | No effect on gross profit (1) the wages of the sales staff are a selling expense not a manufacturing expense/are not included in the calculation of the gross profit (1) OR Gross profit would reduce (1) reducing the number of sales staff may result in a reduction in sales (1) Max 2 | 2 |
| 3(b)(iv) | Gross profit would increase (1) the cost of production would decrease (1) OR gross profit may decrease (1) machine operators may take industrial action resulting in reduction of production/reduction in revenue (1) Max 2 | 2 |



| Question | Answer | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------------|--------|---------------|---------------|------------------|--|------------|----------------------------------|-----------|--|------------------------|---------|--|---|------------------|--------------|---------------------------------|--|----------------------------|------|---------|----|------|---------|----|------|--|--|------|--|--|--------|-------------|-------|--------|---------------|--------|--|--------------|-----|--|--|--|--|---------------------|--------|--|--|--|--|-----------------|--------------|--|--|--|--|--|---------------|--|--|---------------|---|
| 4(a) | Calculation of amount paid to credit suppliers <table border="1" data-bbox="322 284 1534 518" style="margin-left: 20px;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Credit purchases</td> <td></td> <td style="text-align: right;">38 450 (1)</td> </tr> <tr> <td>Less Returns to credit suppliers</td> <td style="text-align: right;">1 980 (1)</td> <td></td> </tr> <tr> <td> Cash discount received</td> <td style="text-align: right;">981 (1)</td> <td></td> </tr> <tr> <td> Amount owing to credit suppliers 31 July 2019</td> <td style="text-align: right;"><u>3 770 (1)</u></td> <td style="text-align: right;"><u>6 731</u></td> </tr> <tr> <td>Amount paid to credit suppliers</td> <td></td> <td style="text-align: right;"><u>31 719</u> OF(1)</td> </tr> </tbody> </table> <p>Alternative presentation</p> <p style="text-align: center;">Total trade payables account</p> <table border="1" data-bbox="322 654 1534 922" style="margin-left: 20px;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Aug 31</td> <td>Returns (1)</td> <td style="text-align: right;">1 980</td> <td>Aug 31</td> <td>Purchases (1)</td> <td style="text-align: right;">38 450</td> </tr> <tr> <td></td> <td>Discount (1)</td> <td style="text-align: right;">981</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>*Bank (1) OF</td> <td style="text-align: right;">31 719</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Balance c/d (1)</td> <td style="text-align: right;"><u>3 770</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>38 450</u></td> <td></td> <td></td> <td style="text-align: right;"><u>38 450</u></td> </tr> </tbody> </table> | | | \$ | \$ | Credit purchases | | 38 450 (1) | Less Returns to credit suppliers | 1 980 (1) | | Cash discount received | 981 (1) | | Amount owing to credit suppliers 31 July 2019 | <u>3 770 (1)</u> | <u>6 731</u> | Amount paid to credit suppliers | | <u>31 719</u> OF(1) | Date | Details | \$ | Date | Details | \$ | 2019 | | | 2019 | | | Aug 31 | Returns (1) | 1 980 | Aug 31 | Purchases (1) | 38 450 | | Discount (1) | 981 | | | | | *Bank (1) OF | 31 719 | | | | | Balance c/d (1) | <u>3 770</u> | | | | | | <u>38 450</u> | | | <u>38 450</u> | 5 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit purchases | | 38 450 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Returns to credit suppliers | 1 980 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash discount received | 981 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount owing to credit suppliers 31 July 2019 | <u>3 770 (1)</u> | <u>6 731</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount paid to credit suppliers | | <u>31 719</u> OF(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 31 | Returns (1) | 1 980 | Aug 31 | Purchases (1) | 38 450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Discount (1) | 981 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | *Bank (1) OF | 31 719 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d (1) | <u>3 770</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>38 450</u> | | | <u>38 450</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------|--------------|---------------------------------------|---------------|---------------------------------|--------------|--------------------------------------|---------------------|---|------------------|--------------|---------------------|--------------|---------|----|--------------|---------|----|--------|--------------|--------|--------|----------|--------|--|--|--|--|--------------|-------|--|--|--|--|---------------|-----|--|--|--|--|-----------------|--------------|--|--|---------------|--|--|---------------|----------|
| 4(b) | <p>Calculation of credit sales</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"></td> <td style="text-align: right; width: 30%;">\$</td> </tr> <tr> <td>Amount received from credit customers</td> <td style="text-align: right;">47 385 (1)</td> </tr> <tr> <td>Cash discount allowed</td> <td style="text-align: right;">1 215 (1)</td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">150 (1)</td> </tr> <tr> <td>Amount owing by credit customers 31 July 2019</td> <td style="text-align: right;"><u>7 650 (1)</u></td> </tr> <tr> <td>Credit sales</td> <td style="text-align: right;"><u>56 400 (1)OF</u></td> </tr> </table> <p>Alternative presentation</p> <p style="text-align: center;">Total trade receivables account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date 2019</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date 2019</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">\$</th> </tr> </thead> <tbody> <tr> <td>Aug 31</td> <td>*Sales (1)OF</td> <td style="text-align: right;">56 400</td> <td>Aug 31</td> <td>Bank (1)</td> <td style="text-align: right;">47 385</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Discount (1)</td> <td style="text-align: right;">1 215</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Bad debts (1)</td> <td style="text-align: right;">150</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d (1)</td> <td style="text-align: right;"><u>7 650</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>56 400</u></td> <td></td> <td></td> <td style="text-align: right;"><u>56 400</u></td> </tr> </tbody> </table> | | \$ | Amount received from credit customers | 47 385 (1) | Cash discount allowed | 1 215 (1) | Bad debts | 150 (1) | Amount owing by credit customers 31 July 2019 | <u>7 650 (1)</u> | Credit sales | <u>56 400 (1)OF</u> | Date 2019 | Details | \$ | Date 2019 | Details | \$ | Aug 31 | *Sales (1)OF | 56 400 | Aug 31 | Bank (1) | 47 385 | | | | | Discount (1) | 1 215 | | | | | Bad debts (1) | 150 | | | | | Balance c/d (1) | <u>7 650</u> | | | <u>56 400</u> | | | <u>56 400</u> | 5 |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Credit sales | <u>56 400 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date 2019 | Details | \$ | Date 2019 | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 31 | *Sales (1)OF | 56 400 | Aug 31 | Bank (1) | 47 385 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Discount (1) | 1 215 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | Balance c/d (1) | <u>7 650</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>56 400</u> | | | <u>56 400</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(c) | <p>Calculation of cash banked</p> <table style="width: 100%;"> <tr> <td style="width: 70%;"></td> <td style="text-align: right; width: 30%;">\$</td> </tr> <tr> <td>Amount of cash sales</td> <td style="text-align: right;">14 100 (1)OF</td> </tr> <tr> <td>Less Cash kept for personal use</td> <td style="text-align: right;"><u>3 000</u></td> </tr> <tr> <td>Amount paid into bank for cash sales</td> <td style="text-align: right;"><u>11 100 (1)OF</u></td> </tr> </table> | | \$ | Amount of cash sales | 14 100 (1)OF | Less Cash kept for personal use | <u>3 000</u> | Amount paid into bank for cash sales | <u>11 100 (1)OF</u> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount of cash sales | 14 100 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Cash kept for personal use | <u>3 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount paid into bank for cash sales | <u>11 100 (1)OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------|---------|------------------------|----------------|-------------|-------|---------|----|------|---------|----|------|--|--|------|--|--|-------|-------------|--------|-------|------------------------|--------|------|--|--|------|--|--|---------|----------------------|--------|---------|------------------------|--------|--|-------------|--------|--|------------------------|--------|--|--|--|--|-----------------|-------|--|--|--|--|-----------------|---------------|--|--|----------------|--|--|----------------|---|
| 4(d) | Ishaq Bank account <table border="1" data-bbox="324 316 1765 651"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Aug 1</td> <td>Capital (1)</td> <td>95 000</td> <td>Aug 1</td> <td>Non-current assets (1)</td> <td>70 000</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>July 31</td> <td>Credit customers (1)</td> <td>47 385</td> <td>July 31</td> <td>Operating expenses (1)</td> <td>21 451</td> </tr> <tr> <td></td> <td>Sales (1)OF</td> <td>11 100</td> <td></td> <td>Credit suppliers (1)OF</td> <td>31 719</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>*Drawings (1)OF</td> <td>9 000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d (1)</td> <td><u>21 315</u></td> </tr> <tr> <td></td> <td></td> <td><u>153 485</u></td> <td></td> <td></td> <td><u>153 485</u></td> </tr> </tbody> </table> | | | | | | Date | Details | \$ | Date | Details | \$ | 2018 | | | 2018 | | | Aug 1 | Capital (1) | 95 000 | Aug 1 | Non-current assets (1) | 70 000 | 2019 | | | 2019 | | | July 31 | Credit customers (1) | 47 385 | July 31 | Operating expenses (1) | 21 451 | | Sales (1)OF | 11 100 | | Credit suppliers (1)OF | 31 719 | | | | | *Drawings (1)OF | 9 000 | | | | | Balance c/d (1) | <u>21 315</u> | | | <u>153 485</u> | | | <u>153 485</u> | 8 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | | | 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 1 | Capital (1) | 95 000 | Aug 1 | Non-current assets (1) | 70 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 31 | Credit customers (1) | 47 385 | July 31 | Operating expenses (1) | 21 451 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Sales (1)OF | 11 100 | | Credit suppliers (1)OF | 31 719 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | *Drawings (1)OF | 9 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Balance c/d (1) | <u>21 315</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>153 485</u> | | | <u>153 485</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(e)(i) | Lower of cost and net realisable value | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(e)(ii) | Prudence Or Accruals (matching) | | | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(f) | | | | | overstated | understated | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| gross profit for the year ended 31 July 2019 | | | | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| current assets at 31 July 2019 | | | | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| cost of sales for the year ending 31 July 2020 | | | | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| profit for the year ending 31 July 2020 | | | | ✓(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|------------|---------|------------------------|------------|---------|----|------|--|--|------|--|--|--------|----------|-----|-------|-------------|-----|--|--------------|----|------|--|--|------|--|--|--------|----------------|-----|---------|-------------|------------|--|--|--|--|--|------------|------|--|--|--|--|--|-------|-------------------|-----|--|--|--|--|--|------------|------|---------|----|------|---------|----|------|--|--|------|--|--|-------|-------------|----|---------|------------------------|-----|------|--|--|--|-------------|----|--------|----------|----|--|--|--|--------|----------------|------------|--|--|--|--|--|------------|--|--|------------|------|--|--|--|--|--|-------|-----------------|----|--|--|--|----------|
| 5(a) | <p style="text-align: center;">Lili SS Limited account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Sept 3</td> <td>Bank (1)</td> <td>429</td> <td>Aug 1</td> <td>Balance b/d</td> <td>440</td> </tr> <tr> <td></td> <td>Discount (1)</td> <td>11</td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td>July 6</td> <td>Stationery (1)</td> <td>322</td> </tr> <tr> <td>July 31</td> <td>Balance c/d</td> <td><u>322</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>762</u></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Aug 1</td> <td>Balance b/d (1)OF</td> <td>322</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td><u>762</u></td> </tr> </tbody> </table> <p style="text-align: center;">Stationery account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Aug 1</td> <td>Balance b/d</td> <td>85</td> <td>July 31</td> <td>Income statement (1)OF</td> <td>356</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td>96</td> </tr> <tr> <td>Mar 30</td> <td>Cash (1)</td> <td>45</td> <td></td> <td></td> <td></td> </tr> <tr> <td>July 6</td> <td>SS Limited (1)</td> <td><u>322</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>452</u></td> <td></td> <td></td> <td><u>452</u></td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aug 1</td> <td>Balance b/d (1)</td> <td>96</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+ (1) Dates</p> | Date | Details | \$ | Date | Details | \$ | 2018 | | | 2018 | | | Sept 3 | Bank (1) | 429 | Aug 1 | Balance b/d | 440 | | Discount (1) | 11 | 2019 | | | 2019 | | | July 6 | Stationery (1) | 322 | July 31 | Balance c/d | <u>322</u> | | | | | | <u>762</u> | 2019 | | | | | | Aug 1 | Balance b/d (1)OF | 322 | | | | | | <u>762</u> | Date | Details | \$ | Date | Details | \$ | 2018 | | | 2019 | | | Aug 1 | Balance b/d | 85 | July 31 | Income statement (1)OF | 356 | 2019 | | | | Balance c/d | 96 | Mar 30 | Cash (1) | 45 | | | | July 6 | SS Limited (1) | <u>322</u> | | | | | | <u>452</u> | | | <u>452</u> | 2019 | | | | | | Aug 1 | Balance b/d (1) | 96 | | | | 9 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | | | 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 3 | Bank (1) | 429 | Aug 1 | Balance b/d | 440 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Discount (1) | 11 | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | July 6 | Stationery (1) | 322 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 31 | Balance c/d | <u>322</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>762</u> | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Aug 1 | Balance b/d (1)OF | 322 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | <u>762</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | | | 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 1 | Balance b/d | 85 | July 31 | Income statement (1)OF | 356 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | | Balance c/d | 96 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 30 | Cash (1) | 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 6 | SS Limited (1) | <u>322</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>452</u> | | | <u>452</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 1 | Balance b/d (1) | 96 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(b) | <p>Credit customers paying early to take advantage of cash discount Increase in rate of cash discount Introduction of interest charge on overdue accounts Improved credit control Issue invoices/statements of account promptly Refusal of further supplies until outstanding balance paid Any 2 reasons (1) each</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|--|----------|
| 5(c) | Have to wait longer for the money/could cause cash flow problems Increased risk of bad debts Or other suitable disadvantage Any 1 disadvantage (1) | 1 |
| 5(d) | Opportunity to earn more cash discount/pay smaller amount Have to pay earlier/deprived of use of the money earlier/may create cash flow problems If credit customers delay in paying the business will have to use existing money to pay the credit suppliers if wish to earn the cash discount If cannot pay on time may be charged interest on overdue account If cannot pay on time relationship with suppliers may be damaged Will have little impact as is not earning the cash discount now Any two comments (1) each | 2 |
| 5(e) | Capital expenditure Money spend on acquiring, improving and installing non-current assets (1) Capital receipt Amounts received which do not form part of the day-to-day trading activities (1) Revenue expenditure Money spent on the running of a business on a day-to-day basis (1) Revenue receipt Amounts received in the day-to-day trading activities and other items of income (1) | 4 |

| Question | Answer | | | | | Marks |
|-------------------------------------|------------------------------|-------------------|-----------|-------------------------------|-------------------|----------|
| 5(f) | effect on non-current assets | | | effect on profit for the year | | 9 |
| | overstated \$ | understated \$ | no effect | overstated \$ | understated \$ | |
| | error 1 | 3000 | | | 3000 | |
| | error 2 | 1630 (1) | | 1630 (1) | | |
| | error 3 | | ✓(1) | 1280 * | | |
| | error 4 | 1350* | | | 1350* | |
| *(1) position and (1) amount | | | | | | |

