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**ACCOUNTING**

**0452/22**

Paper 2

**March 2018**

MARK SCHEME

Maximum Mark: 120

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**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 March 2018 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level components and some Cambridge O Level components.

**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)                                       | Assist in the location of errors<br>Provide an instant total of trade receivables<br>Prove the arithmetical accuracy of the sales ledger<br>Enable a statement of financial position to be prepared quickly<br>Provide a summary of transactions relating to trade receivables<br>Help reduce fraud<br><b>Any 2 advantages (1) each</b>   | 2      |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| 1(b)                                       | Overpayment by a credit customer of the amount owing<br>Credit customer failing to deduct available cash discount<br>Credit customer returning goods after settling account<br>Credit customer making payment in advance<br><b>Any 2 reasons (1) each</b>   | 2      |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| 1(c)                                       | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%;">debit</th> <th style="width: 15%;">credit</th> <th style="width: 10%;">no entry</th> </tr> </thead> <tbody> <tr> <td>opening balance owed to credit suppliers</td> <td></td> <td style="text-align: center;">✓ (1)</td> <td></td> </tr> <tr> <td>credit purchases</td> <td></td> <td style="text-align: center;">✓ (1)</td> <td></td> </tr> <tr> <td>cash purchases</td> <td></td> <td></td> <td style="text-align: center;">✓ (1)</td> </tr> <tr> <td>cash discount received</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>trade discount received</td> <td></td> <td></td> <td style="text-align: center;">✓ (1)</td> </tr> <tr> <td>cheques paid to credit suppliers</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>interest charged by credit suppliers</td> <td></td> <td style="text-align: center;">✓ (1)</td> <td></td> </tr> <tr> <td>returns to credit suppliers</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>contra between sales and purchases ledgers</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> </tr> </tbody> </table> |        | debit    | credit | no entry | opening balance owed to credit suppliers |  | ✓ (1) |  | credit purchases |  | ✓ (1) |  | cash purchases |  |  | ✓ (1) | cash discount received | ✓ (1) |  |  | trade discount received |  |  | ✓ (1) | cheques paid to credit suppliers | ✓ (1) |  |  | interest charged by credit suppliers |  | ✓ (1) |  | returns to credit suppliers | ✓ (1) |  |  | contra between sales and purchases ledgers | ✓ (1) |  |  | 9 |
|  | debit   | credit | no entry |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| opening balance owed to credit suppliers   |   | ✓ (1)  |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| credit purchases                           |   | ✓ (1)  |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| cash purchases                             |   |        | ✓ (1)    |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| cash discount received                     | ✓ (1)   |        |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| trade discount received                    |   |        | ✓ (1)    |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| cheques paid to credit suppliers           | ✓ (1)   |        |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| interest charged by credit suppliers       |   | ✓ (1)  |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| returns to credit suppliers                | ✓ (1)   |        |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |
| contra between sales and purchases ledgers | ✓ (1)   |        |          |        |          |  |  |       |  |                  |  |       |  |                |  |  |       |                        |       |  |  |                         |  |  |       |                                  |       |  |  |                                      |  |       |  |                             |       |  |  |  |       |  |  |   |

| Question  | Answer  | Marks |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|---|---|-------|----------------|--|-------------|--|-------------------------|---|--------------------------------|---|-------------------|--|-----------------------|---|-----------------------|----|--------|-------------------|------|----------------|-------------|------|--|--|--|--|--|------|--|--|------|--|--|--|---------------|-------------|------|--|--|--|--|-------|--|------|---------|----|------|---------|----|---------------|-------------------------|-----|----------------|-----------------------|------|-------|----------|-----|--|-------------------------|------|--------|-------------|------|--|--|------|--|--|-------|--|--|--|---------------|-----------------------------|------|--|--|--|---|
| 1(d)  | <table border="1"> <tr> <td></td> <td>principle</td> </tr> <tr> <td>Kamika uses the double entry system of book-keeping when recording transactions in her ledgers</td> <td>Duality (1)</td> </tr> <tr> <td>Kamika adjusted the charge for insurance in the income statement for an amount prepaid at the year-end</td> <td>Accruals (matching) (1)</td> </tr> <tr> <td>Kamika adjusts her provision for doubtful debts at the end of each year so it is always 3% of her trade receivables</td> <td>Prudence<br/>Or Consistency (1)</td> </tr> <tr> <td>Kamika intends to trade for several years and values her premises at net book value not expected sales value in her statement of financial position</td> <td>Going concern (1)</td> </tr> <tr> <td>Kamika did not make any entry in her accounting records when a competitor reduced his prices even though it may affect her sales</td> <td>Money measurement (1)</td> </tr> <tr> <td>Kamika did not make any entry in her accounting records when a customer asked for goods to be put aside for him to collect sometime in the future</td> <td>Realisation (1)</td> </tr> </table>  |       | principle      | Kamika uses the double entry system of book-keeping when recording transactions in her ledgers | Duality (1) | Kamika adjusted the charge for insurance in the income statement for an amount prepaid at the year-end | Accruals (matching) (1) | Kamika adjusts her provision for doubtful debts at the end of each year so it is always 3% of her trade receivables | Prudence<br>Or Consistency (1) | Kamika intends to trade for several years and values her premises at net book value not expected sales value in her statement of financial position | Going concern (1) | Kamika did not make any entry in her accounting records when a competitor reduced his prices even though it may affect her sales | Money measurement (1) | Kamika did not make any entry in her accounting records when a customer asked for goods to be put aside for him to collect sometime in the future | Realisation (1)       | 6  |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   | principle   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika uses the double entry system of book-keeping when recording transactions in her ledgers  | Duality (1)   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika adjusted the charge for insurance in the income statement for an amount prepaid at the year-end  | Accruals (matching) (1)   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika adjusts her provision for doubtful debts at the end of each year so it is always 3% of her trade receivables                                 | Prudence<br>Or Consistency (1)  |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika intends to trade for several years and values her premises at net book value not expected sales value in her statement of financial position | Going concern (1)   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika did not make any entry in her accounting records when a competitor reduced his prices even though it may affect her sales                    | Money measurement (1)   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Kamika did not make any entry in her accounting records when a customer asked for goods to be put aside for him to collect sometime in the future   | Realisation (1)   |       |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| 1(e)  | <p style="text-align: center;">Kamika<br/>Fuel2go account</p> <table border="1" style="width: 100%; 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>2017<br/>Mar 31</td> <td>Bank (1)</td> <td>780</td> <td>2017<br/>Feb 1</td> <td>Balance b/d</td> <td>800</td> </tr> <tr> <td></td> <td>Discount received (1)</td> <td>20</td> <td>Dec 10</td> <td>Fuel expenses (1)</td> <td>3200</td> </tr> <tr> <td>2018<br/>Jan 31</td> <td>Balance c/d</td> <td>3200</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>4000</td> <td></td> <td></td> <td>4000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2018<br/>Feb 1</td> <td>Balance b/d</td> <td>3200</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>(1)OF</td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Fuel expenses account</p> <table border="1" style="width: 100%; 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>2017<br/>Feb 1</td> <td>Balance (inventory) b/d</td> <td>950</td> <td>2018<br/>Jan 31</td> <td>Income statement(1)OF</td> <td>3260</td> </tr> <tr> <td>Jun 4</td> <td>Bank (1)</td> <td>210</td> <td></td> <td>Balance (inventory) c/d</td> <td>1100</td> </tr> <tr> <td>Dec 10</td> <td>Fuel2go (1)</td> <td>3200</td> <td></td> <td></td> <td>4360</td> </tr> <tr> <td></td> <td></td> <td>4 360</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2018<br/>Feb 1</td> <td>Balance (inventory) b/d (1)</td> <td>1100</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><b>+ (1) Dates</b></p> | Date  | Details        | \$   | Date        | Details  | \$                      | 2017<br>Mar 31  | Bank (1)                       | 780   | 2017<br>Feb 1     | Balance b/d  | 800                   |   | Discount received (1) | 20 | Dec 10 | Fuel expenses (1) | 3200 | 2018<br>Jan 31 | Balance c/d | 3200 |  |  |  |  |  | 4000 |  |  | 4000 |  |  |  | 2018<br>Feb 1 | Balance b/d | 3200 |  |  |  |  | (1)OF |  | Date | Details | \$ | Date | Details | \$ | 2017<br>Feb 1 | Balance (inventory) b/d | 950 | 2018<br>Jan 31 | Income statement(1)OF | 3260 | Jun 4 | Bank (1) | 210 |  | Balance (inventory) c/d | 1100 | Dec 10 | Fuel2go (1) | 3200 |  |  | 4360 |  |  | 4 360 |  |  |  | 2018<br>Feb 1 | Balance (inventory) b/d (1) | 1100 |  |  |  | 9 |
| Date  | Details   | \$    | Date           | Details  | \$          |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| 2017<br>Mar 31  | Bank (1)  | 780   | 2017<br>Feb 1  | Balance b/d  | 800         |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   | Discount received (1)   | 20    | Dec 10         | Fuel expenses (1)  | 3200        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| 2018<br>Jan 31  | Balance c/d   | 3200  |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   |   | 4000  |                |  | 4000        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   |   |       | 2018<br>Feb 1  | Balance b/d  | 3200        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   |   |       |                | (1)OF  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Date  | Details   | \$    | Date           | Details  | \$          |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| 2017<br>Feb 1   | Balance (inventory) b/d   | 950   | 2018<br>Jan 31 | Income statement(1)OF  | 3260        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Jun 4   | Bank (1)  | 210   |                | Balance (inventory) c/d  | 1100        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| Dec 10  | Fuel2go (1)   | 3200  |                |  | 4360        |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
|   |   | 4 360 |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |
| 2018<br>Feb 1   | Balance (inventory) b/d (1)   | 1100  |                |  |             |  |                         |   |                                |   |                   |  |                       |   |                       |    |        |                   |      |                |             |      |  |  |  |  |  |      |  |  |      |  |  |  |               |             |      |  |  |  |  |       |  |      |         |    |      |         |    |               |                         |     |                |                       |      |       |          |     |  |                         |      |        |             |      |  |  |      |  |  |       |  |  |  |               |                             |      |  |  |  |   |

| Question   | Answer   | Marks           |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
|--|--|-----------------|---------------|--------------|----------------------------------|--------------------------------|--------|--|---------------|--|--|---------------|-----------------|--|---------------|---------------|--------------------------------|---------------|--|--|-------|------------|----------|
| 2(a)   | Ensures that the profit for the year is not overstated in the income statement <b>(1)</b><br>Ensures that the non-current assets are not overstated in the statement of financial position <b>(1)</b>  | <b>2</b>        |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| 2(b)   | Dipak<br>Journal<br><br><table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Debit<br/>\$</th> <th>Credit<br/>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Motor vehicles</td> <td>50 000</td> <td></td> <td><b>(1)</b></td> </tr> <tr> <td>ZY Motors</td> <td></td> <td>50 000</td> <td><b>(1)</b></td> </tr> </tbody> </table>  |                 | Debit<br>\$   | Credit<br>\$ |                                  | Motor vehicles                 | 50 000 |  | <b>(1)</b>    | ZY Motors                                    |  | 50 000        | <b>(1)</b>      | <b>2</b>   |               |               |                                |               |  |  |       |            |          |
|  | Debit<br>\$  | Credit<br>\$    |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Motor vehicles                                   | 50 000   |                 | <b>(1)</b>    |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| ZY Motors  |  | 50 000          | <b>(1)</b>    |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| 2(c)   | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Cost</td> <td style="text-align: right;">40 000</td> <td></td> </tr> <tr> <td>Depreciation to 30 November 2015</td> <td style="text-align: right;">14 400</td> <td></td> </tr> <tr> <td>Book value at 30 November 2015</td> <td style="text-align: right;"><u>25 600</u></td> <td></td> </tr> <tr> <td>Depreciation for the year ended 30 November 2016</td> <td style="text-align: right;">5 120</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Book value at 30 November 2016</td> <td style="text-align: right;"><u>20 480</u></td> <td></td> </tr> <tr> <td>Depreciation for the year ended 30 November 2017</td> <td style="text-align: right;">4 096</td> <td style="text-align: right;"><b>(1)</b></td> </tr> </table> |                 | \$            |              | Cost                             | 40 000                         |        | Depreciation to 30 November 2015                 | 14 400        |  | Book value at 30 November 2015                   | <u>25 600</u> |                 | Depreciation for the year ended 30 November 2016 | 5 120         | <b>(1)</b>    | Book value at 30 November 2016 | <u>20 480</u> |  | Depreciation for the year ended 30 November 2017 | 4 096 | <b>(1)</b> | <b>2</b> |
|  | \$   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Cost   | 40 000   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation to 30 November 2015                 | 14 400   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Book value at 30 November 2015                   | <u>25 600</u>  |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2016 | 5 120  | <b>(1)</b>      |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Book value at 30 November 2016                   | <u>20 480</u>  |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2017 | 4 096  | <b>(1)</b>      |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| 2(d)   | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Cost</td> <td style="text-align: right;">50 000</td> <td></td> </tr> <tr> <td>Depreciation for the year ended 30 November 2016</td> <td style="text-align: right;">10 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Book value 30 November 2016</td> <td style="text-align: right;"><u>40 000</u></td> <td></td> </tr> <tr> <td>Depreciation for the year ended 30 November 2017</td> <td style="text-align: right;">8 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> </table>  |                 | \$            |              | Cost                             | 50 000                         |        | Depreciation for the year ended 30 November 2016 | 10 000        | <b>(1)</b>                                   | Book value 30 November 2016                      | <u>40 000</u> |                 | Depreciation for the year ended 30 November 2017 | 8 000         | <b>(1)</b>    | <b>2</b>                       |               |  |  |       |            |          |
|  | \$   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Cost   | 50 000   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2016 | 10 000   | <b>(1)</b>      |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Book value 30 November 2016                      | <u>40 000</u>  |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2017 | 8 000  | <b>(1)</b>      |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| 2(e)   | Dipak<br>Journal<br><br><table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Debit<br/>\$</th> <th>Credit<br/>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Income statement (4096 + 8000)</td> <td>12 096</td> <td></td> <td><b>(1) OF</b></td> </tr> <tr> <td>Provision for depreciation of motor vehicles</td> <td></td> <td>12 096</td> <td><b>(1) OF</b></td> </tr> </tbody> </table>   |                 | Debit<br>\$   | Credit<br>\$ |                                  | Income statement (4096 + 8000) | 12 096 |  | <b>(1) OF</b> | Provision for depreciation of motor vehicles |  | 12 096        | <b>(1) OF</b>   | <b>2</b>   |               |               |                                |               |  |  |       |            |          |
|  | Debit<br>\$  | Credit<br>\$    |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Income statement (4096 + 8000)                   | 12 096   |                 | <b>(1) OF</b> |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Provision for depreciation of motor vehicles     |  | 12 096          | <b>(1) OF</b> |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| 2(f)   | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Depreciation to 30 November 2015</td> <td style="text-align: right;">14 400</td> <td></td> </tr> <tr> <td>Depreciation for the year ended 30 November 2016</td> <td style="text-align: right;">5 120</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Depreciation for the year ended 30 November 2017</td> <td style="text-align: right;">4 096</td> <td style="text-align: right;">} <b>(1) OF</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>23 616</u></td> <td style="text-align: right;"><b>(1) OF</b></td> </tr> </table>  |                 | \$            |              | Depreciation to 30 November 2015 | 14 400                         |        | Depreciation for the year ended 30 November 2016 | 5 120         | }  | Depreciation for the year ended 30 November 2017 | 4 096         | } <b>(1) OF</b> |  | <u>23 616</u> | <b>(1) OF</b> | <b>2</b>                       |               |  |  |       |            |          |
|  | \$   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation to 30 November 2015                 | 14 400   |                 |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2016 | 5 120  | }               |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
| Depreciation for the year ended 30 November 2017 | 4 096  | } <b>(1) OF</b> |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |
|  | <u>23 616</u>  | <b>(1) OF</b>   |               |              |                                  |                                |        |  |               |  |  |               |                 |  |               |               |                                |               |  |  |       |            |          |

| Question | Answer   | Marks       |              |             |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
|----------|--|-------------|--------------|-------------|--------------|--|---|---------------------------|--------|--|-----|--|----------------|--|--------|-----|--|--|--|--|-----|---|--|--------|--|--------|--|---------------------------|--|--------|--------|--|---|--|--|-----|----------|
| 2(g)     | <p style="text-align: center;">Dipak<br/>Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">Debit<br/>\$</th> <th style="width: 10%; text-align: center;">Credit<br/>\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Disposal of motor vehicle</td> <td style="text-align: right;">40 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Motor vehicles</td> <td></td> <td style="text-align: right;">40 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Transferring cost of motor vehicle to disposal account</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>2</td> <td>Provision for depreciation of motor vehicles</td> <td style="text-align: right;">23 616</td> <td></td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Disposal of motor vehicle</td> <td></td> <td style="text-align: right;">23 616</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Transferring the accumulated depreciation on motor vehicle sold to the disposal account</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table> |             |              | Debit<br>\$ | Credit<br>\$ |  | 1 | Disposal of motor vehicle | 40 000 |  | (1) |  | Motor vehicles |  | 40 000 | (1) |  | Transferring cost of motor vehicle to disposal account |  |  | (1) | 2 | Provision for depreciation of motor vehicles | 23 616 |  | (1) OF |  | Disposal of motor vehicle |  | 23 616 | (1) OF |  | Transferring the accumulated depreciation on motor vehicle sold to the disposal account |  |  | (1) | <b>6</b> |
|          |  | Debit<br>\$ | Credit<br>\$ |             |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
| 1        | Disposal of motor vehicle  | 40 000      |              | (1)         |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
|          | Motor vehicles   |             | 40 000       | (1)         |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
|          | Transferring cost of motor vehicle to disposal account   |             |              | (1)         |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
| 2        | Provision for depreciation of motor vehicles   | 23 616      |              | (1) OF      |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
|          | Disposal of motor vehicle  |             | 23 616       | (1) OF      |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |
|          | Transferring the accumulated depreciation on motor vehicle sold to the disposal account  |             |              | (1)         |              |  |   |                           |        |  |     |  |                |  |        |     |  |  |  |  |     |   |  |        |  |        |  |                           |  |        |        |  |   |  |  |     |          |

| Question   | Answer   | Marks   |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
|--|--|---------|--------|----|--|--|--|--------|--|--------------------------------|-------|---------|--|-------------------|-----|--------|--|--------------|--------------|--|--|-------------------------------------|---------|--|--|---|-----------|--|--|---|---------|--------|--|--|-----------|--------|--------|----------------------|--|-------|--------|----------|
| 3(a)   | <p style="text-align: center;">ND Sports Club<br/>Café Income Statement for the year ended 31 December 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Revenue (sales)</td> <td></td> <td style="text-align: right;">9 520</td> <td></td> </tr> <tr> <td>Purchases (5760 (1) + 130 (1))</td> <td style="text-align: right;">5 890</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">970</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">4 920</td> <td></td> <td></td> </tr> <tr> <td>Wages of assistant (4000 + 160 (1))</td> <td style="text-align: right;">4 160</td> <td></td> <td></td> </tr> <tr> <td>Rent and insurance (3700 – 1200/12 (1) x ¼ (1))</td> <td style="text-align: right;">900</td> <td></td> <td></td> </tr> <tr> <td>Depreciation – fixtures and fittings (20% × 3500)</td> <td style="text-align: right;">700 (1)</td> <td style="text-align: right;">10 680</td> <td></td> </tr> <tr> <td>Loss for the year</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1 160</td> <td style="text-align: right;">(1) OF</td> </tr> </tbody> </table>   |         | \$     | \$ |  | Revenue (sales)  |  | 9 520  |  | Purchases (5760 (1) + 130 (1)) | 5 890 |         |  | Closing inventory | 970 |        |  |              | 4 920        |  |  | Wages of assistant (4000 + 160 (1)) | 4 160   |  |  | Rent and insurance (3700 – 1200/12 (1) x ¼ (1)) | 900       |  |  | Depreciation – fixtures and fittings (20% × 3500) | 700 (1) | 10 680 |  | Loss for the year                            |           | 1 160  | (1) OF | <b>7</b>             |  |       |        |          |
|  | \$   | \$      |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Revenue (sales)  |  | 9 520   |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Purchases (5760 (1) + 130 (1))                                       | 5 890  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Closing inventory  | 970  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
|  | 4 920  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Wages of assistant (4000 + 160 (1))                                  | 4 160  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Rent and insurance (3700 – 1200/12 (1) x ¼ (1))                      | 900  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Depreciation – fixtures and fittings (20% × 3500)                    | 700 (1)  | 10 680  |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Loss for the year  |  | 1 160   | (1) OF |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| 3(b)   | <p style="text-align: center;">ND Sports Club<br/>Income and Expenditure Account for the year ended 31 December 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Subscriptions ((14 850 + 500(1)) – 350 (1))<br/>(Or 300 (1) × 50 (1))</td> <td></td> <td style="text-align: right;">15 000</td> <td></td> </tr> <tr> <td>Net income from competition</td> <td></td> <td style="text-align: right;">710 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">15 710</td> <td></td> </tr> <tr> <td>Loss on café</td> <td style="text-align: right;">1 160 (1) OF</td> <td></td> <td></td> </tr> <tr> <td>Wages of sports coach</td> <td style="text-align: right;">6 000 }</td> <td></td> <td></td> </tr> <tr> <td>General club expenses</td> <td style="text-align: right;">540 } (1)</td> <td></td> <td></td> </tr> <tr> <td>Rent and insurance (3700 – 1200/12 (1) x ¾ (1))</td> <td style="text-align: right;">2 700</td> <td></td> <td></td> </tr> <tr> <td>Depreciation – sports equipment (20% × 6200)</td> <td style="text-align: right;">1 240 (1)</td> <td style="text-align: right;">11 640</td> <td></td> </tr> <tr> <td>Surplus for the year</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">4 070</td> <td style="text-align: right;">(1) OF</td> </tr> </tbody> </table> |         | \$     | \$ |  | Subscriptions ((14 850 + 500(1)) – 350 (1))<br>(Or 300 (1) × 50 (1)) |  | 15 000 |  | Net income from competition    |       | 710 (1) |  |                   |     | 15 710 |  | Loss on café | 1 160 (1) OF |  |  | Wages of sports coach               | 6 000 } |  |  | General club expenses                           | 540 } (1) |  |  | Rent and insurance (3700 – 1200/12 (1) x ¾ (1))   | 2 700   |        |  | Depreciation – sports equipment (20% × 6200) | 1 240 (1) | 11 640 |        | Surplus for the year |  | 4 070 | (1) OF | <b>9</b> |
|  | \$   | \$      |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Subscriptions ((14 850 + 500(1)) – 350 (1))<br>(Or 300 (1) × 50 (1)) |  | 15 000  |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Net income from competition  |  | 710 (1) |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
|  |  | 15 710  |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Loss on café   | 1 160 (1) OF   |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Wages of sports coach  | 6 000 }  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| General club expenses  | 540 } (1)  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Rent and insurance (3700 – 1200/12 (1) x ¾ (1))                      | 2 700  |         |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Depreciation – sports equipment (20% × 6200)                         | 1 240 (1)  | 11 640  |        |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |
| Surplus for the year   |  | 4 070   | (1) OF |    |  |  |  |        |  |                                |       |         |  |                   |     |        |  |              |              |  |  |                                     |         |  |  |   |           |  |  |   |         |        |  |  |           |        |        |                      |  |       |        |          |

| Question | Answer  | Marks |
|----------|---|-------|
| 3(c)     | Receipts from café sales<br>Café suppliers<br>Wages of café assistant<br>Interest-free loan<br>Sports equipment<br>Café fixtures and fittings<br><b>Any 1 item (1)</b><br><br>Reason: For any of first three items –<br>It relates to the café and appears in the café income statement (1)<br><br>Reason: For any of the last three items –<br>It is an asset/liability and appears in the statement of financial position (1)                           | 2     |
| 3(d)     | Depreciation of sports equipment<br>Subscriptions accrued<br>Loss on café<br>Surplus/deficit<br><b>Any 1 item (1)</b><br><br>Reason –<br>The depreciation is a non-monetary expense<br>No money was received in respect of the subscriptions accrued<br>The loss on the café was calculated in the income statement<br>The surplus/deficit was calculated in the income and expenditure account<br><b>Any 1 suitable reason for the item selected (1)</b> | 2     |
| 3(e)     | The members of the club have not invested any capital/are not owners/are not shareholders (1) so there can be no dividends/profit share which represent a return on the amount invested (1)   | 2     |
| 3(f)     | These would not raise the required amount within the time limit<br><b>Or other suitable reason</b><br><b>Any suitable reason (1)</b>  | 1     |
| 3(g)     | Long-term loan<br>Mortgage<br>Sponsorship<br>Grants<br>Donations<br><b>Or other suitable source of long term funds</b><br><b>Any 1 source (1)</b>   | 1     |

| Question  | Answer  |                      |                |       | Marks  |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|---|---|----------------------|----------------|-------|--------|----|----|----|--|--------------------|------|----------------------|------------|--|----------|--------|--|--------|--|-----------------------|--------|--------|--------|-----|---------------|--------|-----------|-------|-------|--|----------------|---------------|----------------|--|----------------|--|--|--|--|----------------------------|--|--|--------|-----|-------------------|--|--------|--|--|---|--|----------------|--------|-------|------------|--|--|-----------|-----|--|--|--|---------------|--|--------------|--|--|----------------|--|-------------------------|--|--|--|--|---------|--|--|--|--|-----------------|--|--|---------|--|---|--|--|---------------|---|--|--|--|---------|--|---------------|--|--|--------------|-----|--|--|--|----------------|-------|---------------------|--|--|--|--|----------------|--|--|--------|--|------------------------------|--|--|-------|-----|------------------|--|--|---------------|-----|--|--|--|---------------|--|-------------------------------|--|--|---------|--|-----------|
| 4(a)  | <p style="text-align: center;">Amaira<br/>Corrected Statement of Financial Position at 31 January 2018</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Assets</th> <th style="text-align: right;">\$</th> <th style="text-align: right;">\$</th> <th style="text-align: right;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td style="text-align: right;">Cost</td> <td style="text-align: right;">Depreciation to date</td> <td style="text-align: right;">Book value</td> <td></td> </tr> <tr> <td>Premises</td> <td style="text-align: right;">85 000</td> <td></td> <td style="text-align: right;">85 000</td> <td></td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;">40 000</td> <td style="text-align: right;">19 520</td> <td style="text-align: right;">20 480</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Motor vehicle</td> <td style="text-align: right;">11 000</td> <td 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</tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>33 670</u></td> <td></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>148 775</u></td> <td></td> </tr> <tr> <td>Capital and liabilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening balance</td> <td></td> <td></td> <td style="text-align: right;">100 000</td> <td></td> </tr> <tr> <td>Plus Profit for the year (14 735 (1) – 1375 (1) – 150(1) + (450 – 420) (1))</td> <td></td> <td></td> <td style="text-align: right;"><u>13 240</u></td> <td style="text-align: right;">*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">113 240</td> <td></td> </tr> <tr> <td>Less Drawings</td> <td></td> <td></td> <td style="text-align: right;"><u>7 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>106 240</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td></td> <td></td> <td style="text-align: right;">15 144</td> <td></td> </tr> <tr> <td>Bank overdraft (7 241 + 150)</td> <td></td> <td></td> <td style="text-align: right;">7 391</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Loan – EasyLoans</td> <td></td> <td></td> <td style="text-align: right;"><u>20 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>42 535</u></td> <td></td> </tr> <tr> <td>Total capital and liabilities</td> <td></td> <td></td> <td style="text-align: right;">148 775</td> <td></td> </tr> </tbody> </table> <p><b>* Accept calculation outside Statement</b></p> |                      |                |       | Assets | \$ | \$ | \$ |  | Non-current assets | Cost | Depreciation to date | Book value |  | Premises | 85 000 |  | 85 000 |  | Fixtures and fittings | 40 000 | 19 520 | 20 480 | (1) | Motor vehicle | 11 000 | 1 375 (1) | 9 625 | (1)OF |  | <u>136 000</u> | <u>20 895</u> | <u>115 105</u> |  | Current assets |  |  |  |  | Inventory (18 000 + 2 000) |  |  | 20 000 | (1) | Trade receivables |  | 14 000 |  |  | Less Provision for doubtful debts (3% × 14 000) |  | <u>420 (1)</u> | 13 580 | (1)OF | Petty cash |  |  | <u>90</u> | (1) |  |  |  | <u>33 670</u> |  | Total assets |  |  | <u>148 775</u> |  | Capital and liabilities |  |  |  |  | Capital |  |  |  |  | Opening balance |  |  | 100 000 |  | Plus Profit for the year (14 735 (1) – 1375 (1) – 150(1) + (450 – 420) (1)) |  |  | <u>13 240</u> | * |  |  |  | 113 240 |  | Less Drawings |  |  | <u>7 000</u> | (1) |  |  |  | <u>106 240</u> | (1)OF | Current liabilities |  |  |  |  | Trade payables |  |  | 15 144 |  | Bank overdraft (7 241 + 150) |  |  | 7 391 | (1) | Loan – EasyLoans |  |  | <u>20 000</u> | (1) |  |  |  | <u>42 535</u> |  | Total capital and liabilities |  |  | 148 775 |  | <b>15</b> |
| Assets  | \$  | \$                   | \$             |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Non-current assets  | Cost  | Depreciation to date | Book value     |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Premises  | 85 000  |                      | 85 000         |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Fixtures and fittings   | 40 000  | 19 520               | 20 480         | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Motor vehicle   | 11 000  | 1 375 (1)            | 9 625          | (1)OF |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|   | <u>136 000</u>  | <u>20 895</u>        | <u>115 105</u> |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Current assets  |   |                      |                |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Inventory (18 000 + 2 000)  |   |                      | 20 000         | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Trade receivables   |   | 14 000               |                |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Less Provision for doubtful debts (3% × 14 000)                             |   | <u>420 (1)</u>       | 13 580         | (1)OF |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Petty cash  |   |                      | <u>90</u>      | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|   |   |                      | <u>33 670</u>  |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Total assets  |   |                      | <u>148 775</u> |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Capital and liabilities   |   |                      |                |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Capital   |   |                      |                |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Opening balance   |   |                      | 100 000        |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Plus Profit for the year (14 735 (1) – 1375 (1) – 150(1) + (450 – 420) (1)) |   |                      | <u>13 240</u>  | *     |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|   |   |                      | 113 240        |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Less Drawings   |   |                      | <u>7 000</u>   | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|   |   |                      | <u>106 240</u> | (1)OF |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Current liabilities   |   |                      |                |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Trade payables  |   |                      | 15 144         |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Bank overdraft (7 241 + 150)  |   |                      | 7 391          | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Loan – EasyLoans  |   |                      | <u>20 000</u>  | (1)   |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
|   |   |                      | <u>42 535</u>  |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |
| Total capital and liabilities   |   |                      | 148 775        |       |        |    |    |    |  |                    |      |                      |            |  |          |        |  |        |  |                       |        |        |        |     |               |        |           |       |       |  |                |               |                |  |                |  |  |  |  |                            |  |  |        |     |                   |  |        |  |  |   |  |                |        |       |            |  |  |           |     |  |  |  |               |  |              |  |  |                |  |                         |  |  |  |  |         |  |  |  |  |                 |  |  |         |  |   |  |  |               |   |  |  |  |         |  |               |  |  |              |     |  |  |  |                |       |                     |  |  |  |  |                |  |  |        |  |                              |  |  |       |     |                  |  |  |               |     |  |  |  |               |  |                               |  |  |         |  |           |



| Question     | Answer   | Marks            |                         |  |                                  |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |
|--------------|--|------------------|-------------------------|--|----------------------------------|---------|----|--------|-----------------------------|------------------|-------------------------|--|----------------------------------|--|--|---------|---------------|-----------------------------|---------|----------|
| 4(b)         | <p style="text-align: center;">Amaira<br/>Capital account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date<br/>2018</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date<br/>2017</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Jan 31</td> <td>Drawings (1)<br/>Balance c/d</td> <td style="text-align: right;">7 000<br/>106 240</td> <td>Feb 1<br/>2018<br/>Jan 31</td> <td>Balance b/d (1)<br/><br/>Profit for year<br/><b>(1)OF</b></td> <td style="text-align: right;">100 000<br/><br/>13 240<br/>113 240</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">113 240</td> <td>2018<br/>Feb 1</td> <td>Balance b/d<br/><b>(1)OF</b></td> <td style="text-align: right; border-top: 1px solid black;">106 240</td> </tr> </tbody> </table> <p><b>+ (1) Dates</b></p> | Date<br>2018     | Details                 | \$   | Date<br>2017                     | Details | \$ | Jan 31 | Drawings (1)<br>Balance c/d | 7 000<br>106 240 | Feb 1<br>2018<br>Jan 31 | Balance b/d (1)<br><br>Profit for year<br><b>(1)OF</b> | 100 000<br><br>13 240<br>113 240 |  |  | 113 240 | 2018<br>Feb 1 | Balance b/d<br><b>(1)OF</b> | 106 240 | <b>5</b> |
| Date<br>2018 | Details  | \$               | Date<br>2017            | Details  | \$                               |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |
| Jan 31       | Drawings (1)<br>Balance c/d  | 7 000<br>106 240 | Feb 1<br>2018<br>Jan 31 | Balance b/d (1)<br><br>Profit for year<br><b>(1)OF</b> | 100 000<br><br>13 240<br>113 240 |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |
|              |  | 113 240          | 2018<br>Feb 1           | Balance b/d<br><b>(1)OF</b>                            | 106 240                          |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |
| 4(c)         | <p>To see if the business is likely to continue operating<br/>To assess job security<br/>To assess likelihood of wage increases<br/><b>Or other suitable reason</b><br/><b>Any 2 reasons (1) each</b></p>  | <b>2</b>         |                         |  |                                  |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |
| 4(d)         | <p>Any points listed in (c) above provided not awarded in that section<br/>To compare results with previous years<br/>To compare results with other businesses<br/>To assess past performance<br/>To see where improvements can be made/take remedial action<br/>To compare with budgets and forecasts<br/><b>Or other suitable reason</b><br/><b>Any 2 reasons (1) each</b></p>   | <b>2</b>         |                         |  |                                  |         |    |        |                             |                  |                         |  |                                  |  |  |         |               |                             |         |          |

| Question   | Answer  | Marks                 |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
|--|---|-----------------------|--|-----------------------|-------------------------|-------------|----------|-------------------|---|--------------|-------|---------|---|--------------|--------|-------|--|---------------|----------|---------------------|-----------------------------------|-------|---------------|---------------|----------|---|-------|-------|----------------|---------|----------|--|-------|-------|----------------|---------|----------|-----------------------------|-------|-------|----------------|-------|----------|---------------------|----------------|---------------|---------------|----------------|----------|--|--|--|--|--|--|---|
| 5(a)   | <p style="text-align: center;">ABC Limited<br/>Statement of Changes in Equity for the year ended 31 December 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%;">Ordinary share capital<br/>\$</th> <th style="width: 15%;">General reserve<br/>\$</th> <th style="width: 15%;">Retained earnings<br/>\$</th> <th style="width: 15%;">Total<br/>\$</th> <th style="width: 5%;"></th> </tr> </thead> <tbody> <tr> <td>On 1 January 2017</td> <td style="text-align: right;">180 000</td> <td style="text-align: right;">25 000</td> <td style="text-align: right;">9 500</td> <td style="text-align: right;">214 500</td> <td></td> </tr> <tr> <td>Share issue</td> <td style="text-align: right;">20 000</td> <td style="text-align: center;">.....</td> <td style="text-align: center;">.....</td> <td style="text-align: right;"><b>20 000</b></td> <td style="text-align: center;"><b>1</b></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;"><b>21 000</b></td> <td style="text-align: right;"><b>21 000</b></td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td>Final dividend paid for year ended 31 December 2016</td> <td style="text-align: center;">.....</td> <td style="text-align: center;">.....</td> <td style="text-align: right;"><b>(7 200)</b></td> <td style="text-align: right;">(7 200)</td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td>Interim dividend for the year ended 31 December 2017</td> <td style="text-align: center;">.....</td> <td style="text-align: center;">.....</td> <td style="text-align: right;"><b>(6 000)</b></td> <td style="text-align: right;">(6 000)</td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td>Transfer to general reserve</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;"><b>(2 000)</b></td> <td style="text-align: center;">.....</td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td>At 31 December 2017</td> <td style="text-align: right;"><b>200 000</b></td> <td style="text-align: right;"><b>27 000</b></td> <td style="text-align: right;"><b>15 300</b></td> <td style="text-align: right;"><b>242 300</b></td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> |                       | Ordinary share capital<br>\$                           | General reserve<br>\$ | Retained earnings<br>\$ | Total<br>\$ |          | On 1 January 2017 | 180 000   | 25 000       | 9 500 | 214 500 |   | Share issue  | 20 000 | ..... | .....                                  | <b>20 000</b> | <b>1</b> | Profit for the year | .....                             | ..... | <b>21 000</b> | <b>21 000</b> | <b>1</b> | Final dividend paid for year ended 31 December 2016 | ..... | ..... | <b>(7 200)</b> | (7 200) | <b>1</b> | Interim dividend for the year ended 31 December 2017 | ..... | ..... | <b>(6 000)</b> | (6 000) | <b>1</b> | Transfer to general reserve | ..... | 2 000 | <b>(2 000)</b> | ..... | <b>1</b> | At 31 December 2017 | <b>200 000</b> | <b>27 000</b> | <b>15 300</b> | <b>242 300</b> | <b>1</b> |  |  |  |  |  |  | 6 |
|  | Ordinary share capital<br>\$  | General reserve<br>\$ | Retained earnings<br>\$                                | Total<br>\$           |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| On 1 January 2017                                    | 180 000   | 25 000                | 9 500  | 214 500               |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| Share issue  | 20 000  | .....                 | .....  | <b>20 000</b>         | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| Profit for the year                                  | .....   | .....                 | <b>21 000</b>  | <b>21 000</b>         | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| Final dividend paid for year ended 31 December 2016  | .....   | .....                 | <b>(7 200)</b>   | (7 200)               | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| Interim dividend for the year ended 31 December 2017 | .....   | .....                 | <b>(6 000)</b>   | (6 000)               | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| Transfer to general reserve                          | .....   | 2 000                 | <b>(2 000)</b>   | .....                 | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| At 31 December 2017                                  | <b>200 000</b>  | <b>27 000</b>         | <b>15 300</b>  | <b>242 300</b>        | <b>1</b>                |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
|  |   |                       |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| 5(b)   | Increase in gross profit<br>Decrease in expenses/better control of expenses<br>Increase in other income<br>Different type of expenses<br><b>Or other suitable reason</b><br><b>Any 2 reasons (1) each</b>   | 2                     |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| 5(c)   | 2017 <b>(1)</b><br>In 2016 the percentage of expenses to revenue was 20%: in 2017 the percentage of expenses to revenue was 16% <b>(1)s</b>   | 2                     |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| 5(d)   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 50%; text-align: center;">proposal</th> <th colspan="3" style="text-align: center;">effect on percentage of profit for the year to revenue</th> </tr> <tr> <th style="width: 15%; text-align: center;">increase</th> <th style="width: 15%; text-align: center;">decrease</th> <th style="width: 20%; text-align: center;">no effect</th> </tr> </thead> <tbody> <tr> <td>reduce number of employees to reduce the wages bill</td> <td style="text-align: center;">✓ <b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>purchase supplies in bulk to get trade discount</td> <td style="text-align: center;">✓ <b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>purchase supplies on a cash basis only</td> <td></td> <td></td> <td style="text-align: center;">✓ <b>(1)</b></td> </tr> <tr> <td>delay payment of rent of premises</td> <td></td> <td></td> <td style="text-align: center;">✓ <b>(1)</b></td> </tr> </tbody> </table>   | proposal              | effect on percentage of profit for the year to revenue |                       |                         | increase    | decrease | no effect         | reduce number of employees to reduce the wages bill | ✓ <b>(1)</b> |       |         | purchase supplies in bulk to get trade discount | ✓ <b>(1)</b> |        |       | purchase supplies on a cash basis only |               |          | ✓ <b>(1)</b>        | delay payment of rent of premises |       |               | ✓ <b>(1)</b>  | 4        |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| proposal   | effect on percentage of profit for the year to revenue  |                       |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
|  | increase  | decrease              | no effect  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| reduce number of employees to reduce the wages bill  | ✓ <b>(1)</b>  |                       |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| purchase supplies in bulk to get trade discount      | ✓ <b>(1)</b>  |                       |  |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| purchase supplies on a cash basis only               |   |                       | ✓ <b>(1)</b>   |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |
| delay payment of rent of premises                    |   |                       | ✓ <b>(1)</b>   |                       |                         |             |          |                   |   |              |       |         |   |              |        |       |  |               |          |                     |                                   |       |               |               |          |   |       |       |                |         |          |  |       |       |                |         |          |                             |       |       |                |       |          |                     |                |               |               |                |          |  |  |  |  |  |  |   |

| Question   | Answer   | Marks    |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
|--|--|----------|---|--|--|----------|----------|-----------|--|-------|--|--|----------------------------|--|-------|--|--|--|--|-------|---|
| 5(e)   | <p>The company had to wait longer to receive the money from the trade receivables.<br/>           Delay in receiving the money may be the reason why company took longer to pay trade payables.<br/>           Company would not qualify for cash discount in 2017.<br/>           Company would not have to allow cash discount in 2017.<br/>           Company may be charged interest on late payments in 2017.<br/>           Company may charge interest on late receipts in 2017.<br/>           In both years the company was paying the trade payables before receiving money from the trade receivables<br/> <b>Or other suitable comment</b><br/> <b>Any 2 comments (1) each</b></p> | 2        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(f)   | <p>Offer cash discount for prompt payment<br/>           Charge interest on overdue accounts<br/>           Improve credit control<br/>           Issue invoices and monthly statements promptly<br/>           Refuse further supplies until outstanding balance is paid<br/>           Invoice discounting and debt factoring<br/> <b>Any 2 points (1) each</b></p>  | 2        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(g)   | <p>Reduce credit sales/sell for cash only<br/>           Obtain references from new credit customers<br/>           Fix a credit limit for each customer<br/>           Improve credit control<br/>           Issue invoices and monthly statements promptly<br/>           Refuse further supplies until outstanding balance is paid<br/>           Offer cash discount for prompt payment<br/>           Charge interest on overdue accounts<br/> <b>Any 2 points (1) each</b></p>   | 2        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(h)   | <p>Have to wait longer for the money<br/>           Increased risk of bad debts<br/> <b>Or other suitable disadvantage</b><br/> <b>Any 1 disadvantage (1)</b></p>  | 1        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(i)   | <p>Do not have to allow cash discount<br/>           May charge interest on overdue accounts<br/> <b>Or other suitable advantage</b><br/> <b>Any 1 advantage (1)</b></p>   | 1        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(j)   | The profit earned for every \$100 used in the business   | 1        |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| 5(k)   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">effect on return on capital employed (ROCE)</th> </tr> <tr> <th>increase</th> <th>decrease</th> <th>no effect</th> </tr> </thead> <tbody> <tr> <td>reduce cost of insuring motor vehicles</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>issue more ordinary shares</td> <td></td> <td style="text-align: center;">✓ (1)</td> <td></td> </tr> <tr> <td>obtain a short-term interest-free loan from a director</td> <td></td> <td></td> <td style="text-align: center;">✓ (1)</td> </tr> </tbody> </table>                            |          | effect on return on capital employed (ROCE) |  |  | increase | decrease | no effect | reduce cost of insuring motor vehicles | ✓ (1) |  |  | issue more ordinary shares |  | ✓ (1) |  | obtain a short-term interest-free loan from a director |  |  | ✓ (1) | 3 |
|  | effect on return on capital employed (ROCE)  |          |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
|  | increase   | decrease | no effect                                   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| reduce cost of insuring motor vehicles                 | ✓ (1)  |          |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| issue more ordinary shares                             |  | ✓ (1)    |   |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |
| obtain a short-term interest-free loan from a director |  |          | ✓ (1)                                       |  |  |          |          |           |  |       |  |  |                            |  |       |  |  |  |  |       |   |