



ACCOUNTING

0452/22

Paper 2

October/November 2017

MARK SCHEME

Maximum Mark: 120

Published

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This document consists of **12** printed pages.

Question	Answer						Marks
1(a)(i)	Saffie Petty Cash Book						9
	Total received \$	Date	Details	Total paid \$	Travel \$	Postage & stationery \$	Ledger accounts \$
	63	2017 Sept 1	Balance b/d				
	87	3	Bank (1)	12	12		
		11	Taxi fare (1)	64		64	
		21	Stationery (1)	29			29
		30	Faariqa (1)	22		22	
			Postage (1)	127	12	86	29
			Balance c/d	23			
	150			150			
	23	2017 Oct 1	Balance b/d (1)OF				
	+ (1) dates + (1)OF totalling analysis columns + (1)OF totalling total columns						

Question	Answer										Marks
1(a)(ii)	Saffie Cash Book										10
	Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank	
	2017 Sept 1	<i>Balance b/d</i>	\$	\$ 120	\$	2017 Sept 1	<i>Balance b/d</i>	\$	\$	\$ 3841	
	26	Thushari	(1) 8		392		Petty cash			87	
	28	Sales	(1)	40	4 800	7	Repairs	(1)		461	
						15	SL Stores (dis. chq.)	(1)		210	
						29	Sopitha	(1) 12		468	
						30	Balances c/d		160	125	
			8	40	5192			12	160	5 192	
	2017 Oct 1	Balances b/d		160 (1)OF	125 (1)OF						
	+ (1)OF totalling discount columns + (1) dates										

Question	Answer	Marks																																																																
1(b)	<p style="text-align: center;">Saffie</p> <p style="text-align: center;">Bank Reconciliation Statement at 30 September 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Balance shown on bank statement</td> <td></td> <td style="text-align: right;">(4 649)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Add Cheque not credited – Thushari</td> <td style="text-align: right;">392</td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Amount not credited – cash sales</td> <td style="text-align: right;">4 800</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank error</td> <td style="text-align: right;"><u>50</u></td> <td style="text-align: right;"><u>5 242</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">593</td> <td></td> </tr> <tr> <td>Less Cheque not presented – Sopitha</td> <td></td> <td style="text-align: right;"><u>468</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Balance shown in cash book</td> <td></td> <td style="text-align: right;"><u>125</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>Alternative presentation</p> <p style="text-align: center;">Bank Reconciliation Statement at 30 September 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Balance shown in cash book</td> <td></td> <td style="text-align: right;">125</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Add Cheque not presented – Sopitha</td> <td></td> <td style="text-align: right;"><u>468</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">593</td> <td></td> </tr> <tr> <td>Less Cheque not credited – Thushari</td> <td style="text-align: right;">392</td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Amount not credited – cash sales</td> <td style="text-align: right;">4 800</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank error</td> <td style="text-align: right;"><u>50</u></td> <td style="text-align: right;"><u>5 242</u></td> <td></td> </tr> <tr> <td>Balance shown on bank statement</td> <td></td> <td style="text-align: right;"><u>(4 649)</u></td> <td style="text-align: right;">(1)</td> </tr> </table>		\$	\$		Balance shown on bank statement		(4 649)	(1)	Add Cheque not credited – Thushari	392		(1)OF	Amount not credited – cash sales	4 800		(1)	Bank error	<u>50</u>	<u>5 242</u>				593		Less Cheque not presented – Sopitha		<u>468</u>	(1)OF	Balance shown in cash book		<u>125</u>	(1)OF		\$	\$		Balance shown in cash book		125	(1)OF	Add Cheque not presented – Sopitha		<u>468</u>	(1)OF			593		Less Cheque not credited – Thushari	392		(1)OF	Amount not credited – cash sales	4 800		(1)	Bank error	<u>50</u>	<u>5 242</u>		Balance shown on bank statement		<u>(4 649)</u>	(1)	6
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2(c)	Loan interest to pay every year. Loan interest to pay irrespective of profits. Loan to be repaid by given date. Or other suitable point Any 1 point (1)	1
2(d)	Introduce additional capital Take a partner Convert to a limited company Mortgage the premises Borrow from family and friends See if government grants are available Or other suitable point Any 2 points (1) each	2

Question	Answer	Marks																																												
3(a)	<p style="text-align: center;">Zikri Commission receivable account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 50%;"></td> <td style="width: 10%; text-align: center;">\$</td> </tr> <tr> <td>2016</td> <td></td> <td>2016</td> <td></td> </tr> <tr> <td>Sept 1 Balance b/d</td> <td style="text-align: right;">495</td> <td>Sept 4 Bank</td> <td style="text-align: right;">495 }</td> </tr> <tr> <td>2017</td> <td></td> <td>Dec 3 Bank</td> <td style="text-align: right;">515 } (1)</td> </tr> <tr> <td>Aug 31 Income statement</td> <td style="text-align: right;">1 685</td> <td>2017</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Mar 5 Bank</td> <td style="text-align: right;">374 }</td> </tr> <tr> <td></td> <td></td> <td>Jun 2 Bank</td> <td style="text-align: right;">404 } (1)</td> </tr> <tr> <td></td> <td></td> <td>Aug 31 Balance</td> <td style="text-align: right;">392 c/d</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">2 180</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">2 180</td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 1 Balance b/d</td> <td style="text-align: right;">392 (1)</td> <td></td> <td></td> </tr> </table> <p>+ (1) Dates</p>		\$		\$	2016		2016		Sept 1 Balance b/d	495	Sept 4 Bank	495 }	2017		Dec 3 Bank	515 } (1)	Aug 31 Income statement	1 685	2017				Mar 5 Bank	374 }			Jun 2 Bank	404 } (1)			Aug 31 Balance	392 c/d		2 180		2 180	2017				Sept 1 Balance b/d	392 (1)			6
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3(c)	Balance b/d 1 September 2016: Value of stationery/inventory of stationery at that date. (1) Credit stationery account for previous financial year. (1) XY Limited 8 February 2017: Value of stationery purchased on credit from XY Limited. (1) Credit XY Limited account. (1) Drawings 31 July 2017: Value of stationery taken by owner for personal use. (1) Debit drawings account. (1)	6																					
3(d)	\$205	1																					
3(e)	Current assets	1																					
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4(a)	<p style="text-align: center;">Rashida Income Statement for the year ended 30 September 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">572 000</td> <td></td> </tr> <tr> <td>Less Returns</td> <td></td> <td style="text-align: right;"><u>1 840</u></td> <td style="text-align: right;">570 160 (1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td></td> <td style="text-align: right;">37 150 *</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">455 900</td> <td></td> <td></td> </tr> <tr> <td>Less Returns</td> <td style="text-align: right;"><u>2 750</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">453 150 (1)</td> <td></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>6 940 (1)</u></td> <td style="text-align: right;"><u>460 090</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">497 240</td> <td></td> </tr> <tr> <td>Closing inventory</td> <td></td> <td style="text-align: right;"><u>41 160</u> *(1) both</td> <td style="text-align: right;"><u>456 080</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">114 080 (1)OF</td> </tr> <tr> <td>Less Wages</td> <td></td> <td style="text-align: right;">74 200</td> <td></td> </tr> <tr> <td>General expenses</td> <td></td> <td style="text-align: right;">1 300</td> <td></td> </tr> <tr> <td>Rates & insurance (2 800 (1) × ¾ (1))</td> <td></td> <td style="text-align: right;">2 100</td> <td></td> </tr> <tr> <td>*Loan interest (400 (1) + 200 (1))</td> <td></td> <td style="text-align: right;">600</td> <td></td> </tr> <tr> <td>Bad debts</td> <td></td> <td style="text-align: right;">300 (1)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts (2% × 34 500)</td> <td></td> <td style="text-align: right;">690 (1)</td> <td></td> </tr> <tr> <td>Depreciation:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fixtures & fittings (20% × (65 000 – 23 500))</td> <td></td> <td style="text-align: right;">8 300 (1)</td> <td></td> </tr> <tr> <td>Office equipment (21 000 + 2 800 – 20 600)</td> <td></td> <td style="text-align: right;"><u>3 200 (1)</u></td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;"><u>90 690</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>23 390 (1)OF</u></td> </tr> </tbody> </table> <p>*Alternative calculation 1 200 (1) ÷ 2 = 600 (1)</p>		\$	\$	\$	Revenue		572 000		Less Returns		<u>1 840</u>	570 160 (1)	Cost of sales				Opening inventory		37 150 *		Purchases	455 900			Less Returns	<u>2 750</u>				453 150 (1)			Carriage inwards	<u>6 940 (1)</u>	<u>460 090</u>				497 240		Closing inventory		<u>41 160</u> *(1) both	<u>456 080</u>	Gross profit			114 080 (1)OF	Less Wages		74 200		General expenses		1 300		Rates & insurance (2 800 (1) × ¾ (1))		2 100		*Loan interest (400 (1) + 200 (1))		600		Bad debts		300 (1)		Provision for doubtful debts (2% × 34 500)		690 (1)		Depreciation:				Fixtures & fittings (20% × (65 000 – 23 500))		8 300 (1)		Office equipment (21 000 + 2 800 – 20 600)		<u>3 200 (1)</u>		Profit for the year			<u>90 690</u>				<u>23 390 (1)OF</u>	14
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4(b)	<p>Revenue for the year is matched against the costs of the same period. (1)</p> <p>Example: Either The loan interest was adjusted for the outstanding amount. Or The loss in value of non-current assets in the year was included. Or A provision for doubtful debts was created. (1)</p>	2																																																																																												

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4(c)	<p>The business is treated as being separate from the owner. (1)</p> <p>Example Rates and insurance for personal use were excluded. (1)</p>	2
4(d)	<p>Should compare with a business in the same trade. Should compare with a business of approximately the same size. Should compare with a business of the same type (sole trader). The financial statements may be for one year, which will not show trends. The financial statements may be for one year which is not a typical year. The financial year may end on different dates (when inventories are high/low). The businesses may apply different accounting policies. The statements do not show non-monetary factors. It may not be possible to obtain all the information needed to make comparisons.</p> <p>Or other suitable points</p> <p>Any 2 points (1) for basic statement and (1) for development</p>	4

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5(a)	<p style="text-align: center;">Ben Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Debit \$</th> <th style="text-align: center;">Credit \$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Inventory</td> <td style="text-align: right;">15 200</td> <td></td> <td style="text-align: right;">}(1)</td> </tr> <tr> <td>Shop fittings</td> <td style="text-align: right;">14 300</td> <td></td> <td style="text-align: right;">}</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">500</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">32 400</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td> Loan</td> <td></td> <td style="text-align: right;">15 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td> Capital</td> <td></td> <td style="text-align: right;"><u>47 400</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>62 400</u></td> <td style="text-align: right;"><u>62 400</u></td> <td></td> </tr> </tbody> </table>		Debit \$	Credit \$		Inventory	15 200		}(1)	Shop fittings	14 300		}	Cash	500		(1)	Bank	32 400		(1)	Loan		15 000	(1)	Capital		<u>47 400</u>	(1)		<u>62 400</u>	<u>62 400</u>		5
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5(c)	<p>Capital expenditure: Money spent on acquiring, improving and installing non-current assets. (1) Any suitable example, such as purchase of premises. (1)</p> <p>Revenue expenditure: Money spent on running the business on a day-to-day basis. (1) Any suitable example, such as payment of wages. (1)</p> <p>Revenue receipts: Amounts received in the day-to-day trading activities from revenue and other items of income. (1) Any suitable example, such as rent received. (1)</p>	6																																

Question	Answer						Marks	
5(d)	Effect on assets		Effect on liabilities		Effect on profit		8	
	Overstated	Understated	Overstated	Understated	Overstated	Understated		
	\$	\$	\$	\$	\$	\$		
	Error 1	550	–	–	–	450		–
	Error 2	–	–	–	375 (2)	375 (2)		–
	Error 3	150 (2)				150 (2)		
	For each entry – (1) for position and (1) for amount							