



## Cambridge IGCSE™ (9–1)

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ACCOUNTING

0985/22

Paper 2

May/June 2021

MARK SCHEME

Maximum Mark: 100

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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 May/June 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **16** printed pages.

**Generic Marking Principles**

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

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

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

**GENERIC MARKING PRINCIPLE 2:**

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

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

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

**GENERIC MARKING PRINCIPLE 4:**

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

**GENERIC MARKING PRINCIPLE 5:**

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

**GENERIC MARKING PRINCIPLE 6:**

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

**PUBLISHED****Social Science-Specific Marking Principles  
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

https://xtremepape.rs/

| Question | Answer   |       |                 |              |        |                 | Marks           |
|----------|--|-------|-----------------|--------------|--------|-----------------|-----------------|
| 1(a)     | Leo<br>Petty Cash Book   |       |                 |              |        |                 | <b>10</b>       |
|          | Total received   | Date  | Details         | Total paid   | Travel | Office expenses | Ledger accounts |
|          | \$   | 2021  |                 | \$           | \$     | \$              | \$              |
|          | 48   | Apr 1 | Balance b/d     | <b>(1)</b>   |        |                 |                 |
|          | 152  |       | Bank            | <b>(1)</b>   |        |                 |                 |
|          |  | 5     | Office cleaning | <b>(1)</b>   | 21     | 21              |                 |
|          |  | 7     | Train ticket    | <b>(1)</b>   | 13     | 13              |                 |
|          |  | 13    | Hunter          | <b>(1)</b>   | 72     |                 | 72              |
|          | 11   | 18    | Taxi fare       | <b>(1)</b>   | 14     | 14              |                 |
|          |  | 25    | Conrad          | <b>(1)</b>   |        |                 |                 |
|          |  |       |                 | 120          | 27     | 21              | 72              |
|          |  |       |                 | 91           |        |                 |                 |
|          | 211  | 30    | Balance c/d     | 211          |        |                 |                 |
|          | 91   | May 1 | Balance b/d     | <b>(1)OF</b> |        |                 |                 |
|          | <b>+ (1) dates</b><br><b>+ (1) OF totalling analysis columns</b> |       |                 |              |        |                 |                 |

| Question | Answer  | Marks |
|----------|---|-------|
| 1(b)(i)  | Travel – general ledger (1)<br>Hunter – purchases ledger (1)  | 2     |
| 1(b)(ii) | Duality (1)   | 1     |
| 1(c)     | To remind Leo to pay the balance (1)<br>To allow Leo to check his records (1)<br>To provide a summary of the transactions for the month/period (1)<br><b>Accept other valid points</b><br><b>Max (2)</b>  | 2     |
| 1(d)     | <p><b>Advantages</b><br/>Do not need to keep as much cash on the premises (1)<br/>Less risk of theft or fraud (1)<br/>Do not have to have face to face meeting to pay/save time (1)<br/><b>Or other relevant advantages</b><br/><b>Max (2)</b></p> <p><b>Disadvantages</b><br/>No source document immediately available (1)<br/>Still have to pay amounts below \$50 by other methods (1)<br/>May be easier / more suitable to use cheques (1)<br/>May Increase bank charges (1)<br/><b>Or other relevant disadvantages</b><br/><b>Max (2)</b></p> <p><b>Recommendation (1)</b></p> | 5     |

| Question     | Answer  |       |             |              |                          |       | Marks        |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|--------------|---|-------|-------------|--------------|--------------------------|-------|--------------|---------|--|----|--------------|---------|--|----|--------|--------------------------|-----|-----|--------|--------------------------|-----|-------|--------|------|-----|------|------|-------------|--|-----|--------|------|-----|-------------|--------|------------------|-------|------------|--|--|--|-------------|--|--|--|--------------|------|--|--|--|-------|-------------|-------|-----|----------|-------------|-------|-----|--|--|--|--|----------|
| 2(a)         | <p style="text-align: center;">Tej<br/>Rent payable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date<br/>2020</th> <th style="width: 20%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> <th style="width: 10%;">Date<br/>2021</th> <th style="width: 20%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Mar 1</td> <td>Balance b/d</td> <td>(1)</td> <td style="text-align: right;">300</td> <td>Feb 28</td> <td>Income Statement</td> <td>(1)</td> <td style="text-align: right;">3 900</td> </tr> <tr> <td>Jun 30</td> <td>Bank</td> <td>(1)</td> <td style="text-align: right;">1950</td> <td></td> <td>Balance c/d</td> <td></td> <td style="text-align: right;">450</td> </tr> <tr> <td>Nov 30</td> <td>Bank</td> <td>(1)</td> <td style="text-align: right;"><u>2100</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>4350</u></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>4 350</u></td> </tr> <tr> <td>2021</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mar 1</td> <td>Balance b/d</td> <td>(1)OF</td> <td style="text-align: right;">450</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+ (1) dates</p> |       |             |              |                          |       | Date<br>2020 | Details |  | \$ | Date<br>2021 | Details |  | \$ | Mar 1  | Balance b/d              | (1) | 300 | Feb 28 | Income Statement         | (1) | 3 900 | Jun 30 | Bank | (1) | 1950 |      | Balance c/d |  | 450 | Nov 30 | Bank | (1) | <u>2100</u> |        |                  |       |            |  |  |  | <u>4350</u> |  |  |  | <u>4 350</u> | 2021 |  |  |  |       |             |       |     | Mar 1    | Balance b/d | (1)OF | 450 |  |  |  |  | <b>6</b> |
| Date<br>2020 | Details   |       | \$          | Date<br>2021 | Details                  |       | \$           |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| Mar 1        | Balance b/d   | (1)   | 300         | Feb 28       | Income Statement         | (1)   | 3 900        |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| Jun 30       | Bank  | (1)   | 1950        |              | Balance c/d              |       | 450          |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| Nov 30       | Bank  | (1)   | <u>2100</u> |              |                          |       |              |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|              |   |       | <u>4350</u> |              |                          |       | <u>4 350</u> |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| 2021         |   |       |             |              |                          |       |              |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| Mar 1        | Balance b/d   | (1)OF | 450         |              |                          |       |              |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| 2(b)         | <p style="text-align: center;">Tej<br/>Provision for doubtful debts account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date<br/>2021</th> <th style="width: 20%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> <th style="width: 10%;">Date<br/>2020</th> <th style="width: 20%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Feb 28</td> <td>Balance c/d (7 000 × 6%)</td> <td>(1)</td> <td style="text-align: right;">420</td> <td>Mar 1</td> <td>Balance b/d (6 250 × 4%)</td> <td>(1)</td> <td style="text-align: right;">250</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>2021</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>420</u></td> <td>Feb 28</td> <td>Income statement</td> <td>(1)OF</td> <td style="text-align: right;"><u>170</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>420</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Mar 1</td> <td>Balance b/d</td> <td>(1)OF</td> <td style="text-align: right;">420</td> </tr> </tbody> </table>   |       |             |              |                          |       | Date<br>2021 | Details |  | \$ | Date<br>2020 | Details |  | \$ | Feb 28 | Balance c/d (7 000 × 6%) | (1) | 420 | Mar 1  | Balance b/d (6 250 × 4%) | (1) | 250   |        |      |     |      | 2021 |             |  |     |        |      |     | <u>420</u>  | Feb 28 | Income statement | (1)OF | <u>170</u> |  |  |  |             |  |  |  | <u>420</u>   |      |  |  |  | Mar 1 | Balance b/d | (1)OF | 420 | <b>4</b> |             |       |     |  |  |  |  |          |
| Date<br>2021 | Details   |       | \$          | Date<br>2020 | Details                  |       | \$           |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
| Feb 28       | Balance c/d (7 000 × 6%)  | (1)   | 420         | Mar 1        | Balance b/d (6 250 × 4%) | (1)   | 250          |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|              |   |       |             | 2021         |                          |       |              |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|              |   |       | <u>420</u>  | Feb 28       | Income statement         | (1)OF | <u>170</u>   |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|              |   |       |             |              |                          |       | <u>420</u>   |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |
|              |   |       |             | Mar 1        | Balance b/d              | (1)OF | 420          |         |  |    |              |         |  |    |        |                          |     |     |        |                          |     |       |        |      |     |      |      |             |  |     |        |      |     |             |        |                  |       |            |  |  |  |             |  |  |  |              |      |  |  |  |       |             |       |     |          |             |       |     |  |  |  |  |          |



| Question | Answer  | Marks |
|----------|---|-------|
| 2(c)     | Matching (1)<br>Accept 'Accruals'   | 1     |
| 2(d)(i)  | Revenue is regarded as being earned (1) when title to the goods is passed (1)<br>The profit on sales is not recognised until it is earned (1)<br>Profit is recognised when earned not when payment is received (1)<br>Profit is earned when the sale is completed/legal title passes (1)<br>No profit is recognised when goods are ordered (1)<br><b>Accept other valid points.</b><br><b>Max (2)</b> | 2     |
| 2(d)(ii) | To ensure that profits/trade receivables are not overstated (1)<br>To ensure that trade receivables are shown at a realistic amount in the statement of financial position (1)<br>Profits and assets are reduced when the provision for doubtful debts is increased/profits and assets are increased when the provision is reduced (1)<br><b>Accept other valid points</b><br><b>Max (2)</b>          | 2     |

| Question | Answer  | Marks    |
|----------|---|----------|
| 2(e)     | <p><b>Advantages</b><br/>           Will encourage customers to pay earlier (1)<br/>           May increase liquidity/cash flow (1)<br/>           May reduce administration time/costs (1)<br/> <b>Or other relevant advantages</b><br/> <b>Max (2)</b></p> <p><b>Disadvantages</b><br/>           Good relationships with customers will be damaged (1)<br/>           May lose customers/sales may reduce (1)<br/>           May incur extra costs to attract customers/advertising/marketing (1)<br/> <b>Or other relevant disadvantages</b><br/> <b>Max (2)</b></p> <p><b>Recommendation (1)</b></p> | <b>5</b> |

| Question   | Answer  | Marks              |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
|--|---|--------------------|----|----|---------|--|---------|---------------|--|--|-------------------|-------|--|-----------|---------------|--|--|--------|--|------------------------|--------------|--|--|--|-------------------|--------------|--|--------------|---------------|--|--|--|-------|--|------------------------|------------|--|--------------------|-------|--|--|-------------------|---------------|------------------------|--|--------|--------------------|--|------------------|---------------------|--|--------------------|----------|
| 3(a)   | <p style="text-align: center;">HV Limited<br/>Income Statement for the year ended 31 March 2021</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></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;">145 000</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">5 820</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>64 900</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">70 720</td> <td></td> </tr> <tr> <td>Less Closing inventory</td> <td style="text-align: right;"><u>6 090</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>64 630 (1)</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">80 370 (1)OF</td> </tr> <tr> <td>Less Expenses</td> <td></td> <td></td> </tr> <tr> <td>Rent and insurance (9 280 (1) – (2/3 × 1 800) (1))</td> <td style="text-align: right;">8 080</td> <td></td> </tr> <tr> <td>Wages (24 750 + 2 250)</td> <td style="text-align: right;">27 000 (1)</td> <td></td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">8 500</td> <td></td> </tr> <tr> <td>Depreciation of Fittings<br/>(20% × (200 000 – 72 000))</td> <td style="text-align: right;"><u>25 600 (1)</u></td> <td style="text-align: right;"><u>69 180</u></td> </tr> <tr> <td>Profit from operations</td> <td></td> <td style="text-align: right;">11 190</td> </tr> <tr> <td>Debenture interest</td> <td></td> <td style="text-align: right;"><u>1 200 (1)</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>9 990 (1)OF</u></td> </tr> </tbody> </table> |                    | \$ | \$ | Revenue |  | 145 000 | Cost of sales |  |  | Opening inventory | 5 820 |  | Purchases | <u>64 900</u> |  |  | 70 720 |  | Less Closing inventory | <u>6 090</u> |  |  |  | <u>64 630 (1)</u> | Gross profit |  | 80 370 (1)OF | Less Expenses |  |  | Rent and insurance (9 280 (1) – (2/3 × 1 800) (1)) | 8 080 |  | Wages (24 750 + 2 250) | 27 000 (1) |  | Operating expenses | 8 500 |  | Depreciation of Fittings<br>(20% × (200 000 – 72 000)) | <u>25 600 (1)</u> | <u>69 180</u> | Profit from operations |  | 11 190 | Debenture interest |  | <u>1 200 (1)</u> | Profit for the year |  | <u>9 990 (1)OF</u> | <b>8</b> |
|  | \$  | \$                 |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Revenue  |   | 145 000            |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Cost of sales  |   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Opening inventory                                      | 5 820   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Purchases  | <u>64 900</u>   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
|  | 70 720  |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Less Closing inventory                                 | <u>6 090</u>  |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
|  |   | <u>64 630 (1)</u>  |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Gross profit   |   | 80 370 (1)OF       |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Less Expenses  |   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Rent and insurance (9 280 (1) – (2/3 × 1 800) (1))     | 8 080   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Wages (24 750 + 2 250)                                 | 27 000 (1)  |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Operating expenses                                     | 8 500   |                    |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Depreciation of Fittings<br>(20% × (200 000 – 72 000)) | <u>25 600 (1)</u>   | <u>69 180</u>      |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Profit from operations                                 |   | 11 190             |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Debenture interest                                     |   | <u>1 200 (1)</u>   |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |
| Profit for the year                                    |   | <u>9 990 (1)OF</u> |    |    |         |  |         |               |  |  |                   |       |  |           |               |  |  |        |  |                        |              |  |  |  |                   |              |  |              |               |  |  |  |       |  |                        |            |  |                    |       |  |  |                   |               |                        |  |        |                    |  |                  |                     |  |                    |          |

| Question                    | Answer  | Marks           |                        |                 |                   |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
|-----------------------------|---|-----------------|------------------------|-----------------|-------------------|-------|--|--|----|----|----|----|--|------------------------|--------|--|--------|--------|------------|---------------------|--|--|-------|-------|--------------|---------------|--|--|---------|---------|------------|-----------------------------|--|-------|---------|--|------------|-------------------------|--------|-------|--------|--------|--------------|----------|
| 3(b)                        | <p style="text-align: center;">HV Limited<br/>Statement of Changes in Equity for the year ended 31 March 2021</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Details</th> <th style="width: 10%;">Ordinary share capital</th> <th style="width: 10%;">General Reserve</th> <th style="width: 10%;">Retained earnings</th> <th style="width: 10%;">Total</th> <th style="width: 15%;"></th> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> </thead> <tbody> <tr> <td><i>On 1 April 2020</i></td> <td style="text-align: right;">70 000</td> <td></td> <td style="text-align: right;">21 500</td> <td style="text-align: right;">91 500</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">9 990</td> <td style="text-align: right;">9 990</td> <td style="text-align: right;"><b>(1)OF</b></td> </tr> <tr> <td>Dividend paid</td> <td></td> <td></td> <td style="text-align: right;">(5 600)</td> <td style="text-align: right;">(5 600)</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Transfer to general reserve</td> <td></td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">(2 000)</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td><i>On 31 March 2021</i></td> <td style="text-align: right;">70 000</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">23 890</td> <td style="text-align: right;">95 890</td> <td style="text-align: right;"><b>(1)OF</b></td> </tr> </tbody> </table> | Details         | Ordinary share capital | General Reserve | Retained earnings | Total |  |  | \$ | \$ | \$ | \$ |  | <i>On 1 April 2020</i> | 70 000 |  | 21 500 | 91 500 | <b>(1)</b> | Profit for the year |  |  | 9 990 | 9 990 | <b>(1)OF</b> | Dividend paid |  |  | (5 600) | (5 600) | <b>(1)</b> | Transfer to general reserve |  | 2 000 | (2 000) |  | <b>(1)</b> | <i>On 31 March 2021</i> | 70 000 | 2 000 | 23 890 | 95 890 | <b>(1)OF</b> | <b>5</b> |
| Details                     | Ordinary share capital  | General Reserve | Retained earnings      | Total           |                   |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
|                             | \$  | \$              | \$                     | \$              |                   |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| <i>On 1 April 2020</i>      | 70 000  |                 | 21 500                 | 91 500          | <b>(1)</b>        |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| Profit for the year         |   |                 | 9 990                  | 9 990           | <b>(1)OF</b>      |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| Dividend paid               |   |                 | (5 600)                | (5 600)         | <b>(1)</b>        |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| Transfer to general reserve |   | 2 000           | (2 000)                |                 | <b>(1)</b>        |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| <i>On 31 March 2021</i>     | 70 000  | 2 000           | 23 890                 | 95 890          | <b>(1)OF</b>      |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| 3(c)                        | <p style="text-align: center;">Return on Capital employed = <math>\frac{11190 \text{ (1)OF}}{(95\ 890 \text{ OF} + 30\ 000)(1) \text{ OF}} \times \frac{100}{1} = 8.89\% \text{ (1)OF}</math></p>   | <b>3</b>        |                        |                 |                   |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |
| 3(d)                        | <p>There is a fixed rate of dividend on preference shares <b>(1)</b>: the dividend on ordinary shares may vary <b>(1)</b><br/> There are higher risks and rewards for ordinary shares <b>(1)</b> than there are for preference shares <b>(1)</b><br/> Ordinary shares normally carry voting rights <b>(1)</b>: preference shares do not <b>(1)</b><br/> Ordinary shares are part of the equity of the company <b>(1)</b>. Redeemable preference shares are a non-current liability and non-redeemable preference shares are part of the equity <b>(1)</b>.<br/> If the company is wound up, preference shares are repaid before ordinary shares<b>(1)</b>/ordinary shares are repaid after preference shares <b>(1)</b><br/> Preference shares receive the dividend first <b>(1)</b> ordinary shares receive the dividend after the preference shares <b>(1)</b><br/> <b>Accept other valid points</b><br/> <b>Must be two contrasting statements</b><br/> <b>Max (4)</b></p>   | <b>4</b>        |                        |                 |                   |       |  |  |    |    |    |    |  |                        |        |  |        |        |            |                     |  |  |       |       |              |               |  |  |         |         |            |                             |  |       |         |  |            |                         |        |       |        |        |              |          |

| Question         | Answer   | Marks         |                   |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|------------------|--|---------------|-------------------|------------------|---------------------------|---------------|----------------------------|----------|-------------------|-----------|-------|-------------|-----------|--------|------------------------|--------------|--------|-----------|------------|--|-------------|-----------|--|-------------|---------|--|--|--------|--|--|--------|------|--|--|------|--|--|-------|-------------|-----------|-------|-------------|-----------|----------|
| 4(a)             | <p style="text-align: center;">RIA Music Club<br/>Subscriptions account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date<br/>2020</th> <th>Details</th> <th>\$</th> <th>Date<br/>2020</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td>(1) 5 215</td> <td>Jan 1</td> <td>Balance b/d</td> <td>(1) 1 200</td> </tr> <tr> <td>Dec 31</td> <td>Income and expenditure</td> <td>(1)OF 37 465</td> <td>Dec 31</td> <td>Bank</td> <td>(1) 36 700</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>1 050</td> <td></td> <td>Balance c/d</td> <td>5 830</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">43 730</td> <td></td> <td></td> <td style="border-top: 1px solid black;">43 730</td> </tr> <tr> <td>2021</td> <td></td> <td></td> <td>2021</td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td>(1) 5 830</td> <td>Jan 1</td> <td>Balance b/d</td> <td>(1) 1 050</td> </tr> </tbody> </table> | Date<br>2020  | Details           | \$               | Date<br>2020              | Details       | \$                         | Jan 1    | Balance b/d       | (1) 5 215 | Jan 1 | Balance b/d | (1) 1 200 | Dec 31 | Income and expenditure | (1)OF 37 465 | Dec 31 | Bank      | (1) 36 700 |  | Balance c/d | 1 050     |  | Balance c/d | 5 830   |  |  | 43 730 |  |  | 43 730 | 2021 |  |  | 2021 |  |  | Jan 1 | Balance b/d | (1) 5 830 | Jan 1 | Balance b/d | (1) 1 050 | <b>6</b> |
| Date<br>2020     | Details  | \$            | Date<br>2020      | Details          | \$                        |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Jan 1            | Balance b/d  | (1) 5 215     | Jan 1             | Balance b/d      | (1) 1 200                 |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Dec 31           | Income and expenditure   | (1)OF 37 465  | Dec 31            | Bank             | (1) 36 700                |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  | Balance c/d  | 1 050         |                   | Balance c/d      | 5 830                     |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  |  | 43 730        |                   |                  | 43 730                    |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| 2021             |  |               | 2021              |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Jan 1            | Balance b/d  | (1) 5 830     | Jan 1             | Balance b/d      | (1) 1 050                 |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| 4(b)             | <p style="text-align: center;">RIA Music Club<br/>Total shop trade payables account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date<br/>2020</th> <th>Details</th> <th>\$</th> <th>Date<br/>2020</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Dec 31</td> <td>Purchases returns</td> <td>(1) 1 710</td> <td>Jan 1</td> <td>Balance b/d</td> <td>(1) 4 275</td> </tr> <tr> <td></td> <td>Bank</td> <td>(1)OF 31 975</td> <td>Dec 31</td> <td>Purchases</td> <td>(1) 34 200</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>(1) 4 990</td> <td></td> <td>Interest</td> <td>(1) 200</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">38 675</td> <td></td> <td></td> <td style="border-top: 1px solid black;">38 675</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2021</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td>4 990</td> </tr> </tbody> </table>                               | Date<br>2020  | Details           | \$               | Date<br>2020              | Details       | \$                         | Dec 31   | Purchases returns | (1) 1 710 | Jan 1 | Balance b/d | (1) 4 275 |        | Bank                   | (1)OF 31 975 | Dec 31 | Purchases | (1) 34 200 |  | Balance c/d | (1) 4 990 |  | Interest    | (1) 200 |  |  | 38 675 |  |  | 38 675 |      |  |  | 2021 |  |  |       |             |           | Jan 1 | Balance b/d | 4 990     | <b>6</b> |
| Date<br>2020     | Details  | \$            | Date<br>2020      | Details          | \$                        |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Dec 31           | Purchases returns  | (1) 1 710     | Jan 1             | Balance b/d      | (1) 4 275                 |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  | Bank   | (1)OF 31 975  | Dec 31            | Purchases        | (1) 34 200                |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  | Balance c/d  | (1) 4 990     |                   | Interest         | (1) 200                   |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  |  | 38 675        |                   |                  | 38 675                    |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  |  |               | 2021              |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
|                  |  |               | Jan 1             | Balance b/d      | 4 990                     |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| 4(c)             | <p>Sales revenue = cost of sales + 20%<br/> Cost of sales = 34 200 – 1 710 = 32 490 <b>(1)</b><br/> Sales revenue = 32 490 + 20% = 32 490 + 6 498 <b>(1)OF</b> = 38 988 <b>(1)OF</b></p> <p><b>Alternative calculation</b></p> <table style="width: 100%;"> <tr> <td>Cost of sales</td> <td style="text-align: right;">32 490 <b>(1)</b></td> </tr> <tr> <td>Gross profit 20%</td> <td style="text-align: right;"><u>6 498 <b>(1)OF</b></u></td> </tr> <tr> <td>Sales revenue</td> <td style="text-align: right;"><u>38 988 <b>(1)OF</b></u></td> </tr> </table>   | Cost of sales | 32 490 <b>(1)</b> | Gross profit 20% | <u>6 498 <b>(1)OF</b></u> | Sales revenue | <u>38 988 <b>(1)OF</b></u> | <b>3</b> |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Cost of sales    | 32 490 <b>(1)</b>  |               |                   |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Gross profit 20% | <u>6 498 <b>(1)OF</b></u>  |               |                   |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |
| Sales revenue    | <u>38 988 <b>(1)OF</b></u>   |               |                   |                  |                           |               |                            |          |                   |           |       |             |           |        |                        |              |        |           |            |  |             |           |  |             |         |  |  |        |  |  |        |      |  |  |      |  |  |       |             |           |       |             |           |          |

| Question | Answer   | Marks |
|----------|--|-------|
| 4(d)     | <p><b>Benefits of renting out the premises</b><br/>           Extra income would be generated by renting out the premises (1)<br/>           Extra funds would be raised if the club is not fully used (1)<br/>           May increase the opportunity to recruit new members (1)<br/>           May increase the levels of shop trade to additional customers/increase shop profit (1)</p> <p><b>Or other relative benefits</b><br/> <b>Max 2</b></p> <p><b>Disadvantages</b><br/>           Income from existing members may fall/members may leave the club (1)<br/>           The facilities to members may be reduced (1)<br/>           Expenses may be increased (1)</p> <p><b>Alternatives to renting out the premises</b><br/>           Extra funds could be raised by increasing subscriptions/charging interest on overdue subscriptions/fund raising/increasing the mark-up on the sales of shop goods (1)<br/>           Expenses may be reduced (1)</p> <p><b>Or other relative disadvantages/alternatives</b><br/> <b>Max (2)</b></p> <p><b>Recommendation (1)</b></p> | 5     |

| Question  | Answer   |                                    |                                  |                 | Marks    |                |
|---|--|------------------------------------|----------------------------------|-----------------|----------|----------------|
| 5(a)  | Entries required to correct the error  |                                    |                                  |                 | <b>9</b> |                |
|   | Error  | Debit                              |                                  | Credit          |          |                |
|   |  | Account                            | \$                               | Account         |          | \$             |
|   | Cash drawings, \$200, had been omitted from the drawings account.  | <i>Drawings</i>                    | 200                              | <i>Suspense</i> |          | 200            |
|   | A petty cash book payment, \$31, to Abel, a supplier, had been recorded in the column for office expenses.                         | Abel                               | 31 <b>(1)</b>                    | Office expenses |          | 31 <b>(1)</b>  |
|   | Sales returns, \$105, had been correctly entered in the customer's account but had been credited to the purchases returns account. | Sales returns<br>Purchases returns | 105 <b>(1)</b><br>105 <b>(1)</b> | Suspense        |          | 210 <b>(1)</b> |
| A payment for motor expenses, \$72, had been recorded in the motor expenses account as \$172. | Suspense   | 100 <b>(1)</b>                     | Motor expenses                   | 100 <b>(1)</b>  |          |                |
| A purchase invoice, \$102, from Abel, had been debited to Abel and credited to purchases.     | Purchases  | 204 <b>(1)</b>                     | Abel                             | 204 <b>(1)</b>  |          |                |

| Question          | Answer  | Marks        |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
|-------------------|---|--------------|--------------|-------------------|------------------|---------|----|-----------|--------------------------|-----------|-----------------|-------------|---------|-------------------|----------------|---------|----------|---------------|---------|--|--|------------|--|-------------------|----------------|--|--|--|--|--|------------|----------|
| 5(b)              | <p style="text-align: center;">Kia<br/>Suspense account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date<br/>2021</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">Date<br/>2021</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>April 30</td> <td>Trial balance difference</td> <td style="text-align: right;">(1)OF 310</td> <td>April 30</td> <td>Drawings</td> <td style="text-align: right;">(1) 200</td> </tr> <tr> <td></td> <td>Motor expenses</td> <td style="text-align: right;">(1) 100</td> <td></td> <td>Sales returns</td> <td style="text-align: right;">(1) 105</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>410</u></td> <td></td> <td>Purchases returns</td> <td style="text-align: right;">(1) <u>105</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>410</u></td> </tr> </tbody> </table> | Date<br>2021 | Details      | \$                | Date<br>2021     | Details | \$ | April 30  | Trial balance difference | (1)OF 310 | April 30        | Drawings    | (1) 200 |                   | Motor expenses | (1) 100 |          | Sales returns | (1) 105 |  |  | <u>410</u> |  | Purchases returns | (1) <u>105</u> |  |  |  |  |  | <u>410</u> | <b>5</b> |
| Date<br>2021      | Details   | \$           | Date<br>2021 | Details           | \$               |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| April 30          | Trial balance difference  | (1)OF 310    | April 30     | Drawings          | (1) 200          |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
|                   | Motor expenses  | (1) 100      |              | Sales returns     | (1) 105          |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
|                   |   | <u>410</u>   |              | Purchases returns | (1) <u>105</u>   |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
|                   |   |              |              |                   | <u>410</u>       |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| 5(c)              | <table style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Original balance</td> <td style="text-align: right;">327</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">204</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Office expenses</td> <td style="text-align: right;"><u>(31)</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Corrected balance</td> <td style="text-align: right;"><u>500</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table>   |              | \$           |                   | Original balance | 327     |    | Purchases | 204                      | (1)       | Office expenses | <u>(31)</u> | (1)     | Corrected balance | <u>500</u>     | (1)OF   | <b>3</b> |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
|                   | \$  |              |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| Original balance  | 327   |              |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| Purchases         | 204   | (1)          |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| Office expenses   | <u>(31)</u>   | (1)          |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| Corrected balance | <u>500</u>  | (1)OF        |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |
| 5(d)              | <p>The principle of materiality was applied (1).<br/> The cost of the calculator was an immaterial amount (1)<br/> The cost of recording the calculator as a non-current asset would have outweighed the benefit (1)<br/> The amount of depreciation would be insignificant (1)<br/> The calculator may not last over 12 months (1)</p> <p><b>Accept other valid points</b><br/> <b>Max (3)</b></p>   | <b>3</b>     |              |                   |                  |         |    |           |                          |           |                 |             |         |                   |                |         |          |               |         |  |  |            |  |                   |                |  |  |  |  |  |            |          |