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**ACCOUNTING**

**0452/23**

Paper 2

**October/November 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 October/November 2018 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 **17** printed pages.

**PUBLISHED****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)(i)                 | To notify Thato of an overcharge/faulty goods<br>To notify Thato of goods being returned<br>To request that Thato reduce the amount of the invoice/request credit note<br><b>Any 1 purpose (1)</b>  | <b>1</b>                |                        |          |  |  |      |          |
| 1(a)(ii)                | <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 5px;">credit Abebe<br/>account</td> <td style="padding: 5px;">debit Abebe<br/>account</td> <td style="padding: 5px;">no entry</td> </tr> <tr> <td style="padding: 5px;"></td> <td style="padding: 5px;"></td> <td style="padding: 5px;">✓(1)</td> </tr> </table> | credit Abebe<br>account | debit Abebe<br>account | no entry |  |  | ✓(1) | <b>1</b> |
| credit Abebe<br>account | debit Abebe<br>account  | no entry                |                        |          |  |  |      |          |
|                         |   | ✓(1)                    |                        |          |  |  |      |          |
| 1(b)(i)                 | To inform Abebe of the amount due<br>To provide a summary of the transactions for the month/period<br>To allow Abebe to check his records<br><b>Any 1 purpose (1)</b>   | <b>1</b>                |                        |          |  |  |      |          |
| 1(b)(ii)                | The statement is a summary of the transactions which have already been recorded in the accounting records   | <b>1</b>                |                        |          |  |  |      |          |
| 1(c)(i)                 | Thato purchased in large quantities/to encourage Thato to purchase in large quantities<br>Thato is a loyal customer/encourage repeat business<br>Thato is in the same trade<br><b>Any 1 reason (1)</b>  | <b>1</b>                |                        |          |  |  |      |          |
| 1(c)(ii)                | To encourage Thato to pay promptly / within the credit period allowed / within 30 days  | <b>1</b>                |                        |          |  |  |      |          |
| 1(c)(iii)               | $\$5000 - (2\frac{1}{2}\% \cdot 5000) = 5000 - 125 = 4875$ (1)  | <b>1</b>                |                        |          |  |  |      |          |
| 1(c)(iv)                | Purchases ledger  | <b>1</b>                |                        |          |  |  |      |          |

| Question       | Answer   | Marks |         |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
|----------------|--|-------|---------|---------------|----|--|---------------|----------------|-------|--|--|--|---------------------|-------|-------|------------|---|---------------|-------|--|--|--|---------------------|-----|-------|------------|----|-------------------------------|--|-------|---------------|------|---------|----|----|--|----------------|---------------|-----|--|--|--|---------------------|----|----|------------|----|---------------------------------------|--|----|---------------|----------|
| 1(d)           | <p>Thato<br/>Purchases journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>2018<br/>Aug 4</td> <td>Nyack<br/>Goods</td> <td style="text-align: right;">6 250</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">1 250</td> <td style="text-align: right;">5 000</td> <td style="text-align: center;"><b>(1)</b></td> </tr> <tr> <td>9</td> <td>Gaby<br/>Goods</td> <td style="text-align: right;">2 600</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">520</td> <td style="text-align: right;">2 080</td> <td style="text-align: center;"><b>(1)</b></td> </tr> <tr> <td>31</td> <td>Transfer to purchases account</td> <td></td> <td style="text-align: right;">7 080</td> <td style="text-align: center;"><b>(1) OF</b></td> </tr> </tbody> </table> <p style="text-align: center;">Purchases returns journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>2018<br/>Aug 13</td> <td>Gaby<br/>Goods</td> <td style="text-align: right;">100</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">20</td> <td style="text-align: right;">80</td> <td style="text-align: center;"><b>(1)</b></td> </tr> <tr> <td>31</td> <td>Transfer to purchases returns account</td> <td></td> <td style="text-align: right;">80</td> <td style="text-align: center;"><b>(1) OF</b></td> </tr> </tbody> </table> | Date  | Details | \$            | \$ |  | 2018<br>Aug 4 | Nyack<br>Goods | 6 250 |  |  |  | Less Trade discount | 1 250 | 5 000 | <b>(1)</b> | 9 | Gaby<br>Goods | 2 600 |  |  |  | Less Trade discount | 520 | 2 080 | <b>(1)</b> | 31 | Transfer to purchases account |  | 7 080 | <b>(1) OF</b> | Date | Details | \$ | \$ |  | 2018<br>Aug 13 | Gaby<br>Goods | 100 |  |  |  | Less Trade discount | 20 | 80 | <b>(1)</b> | 31 | Transfer to purchases returns account |  | 80 | <b>(1) OF</b> | <b>5</b> |
| Date           | Details  | \$    | \$      |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| 2018<br>Aug 4  | Nyack<br>Goods   | 6 250 |         |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
|                | Less Trade discount  | 1 250 | 5 000   | <b>(1)</b>    |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| 9              | Gaby<br>Goods  | 2 600 |         |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
|                | Less Trade discount  | 520   | 2 080   | <b>(1)</b>    |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| 31             | Transfer to purchases account  |       | 7 080   | <b>(1) OF</b> |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| Date           | Details  | \$    | \$      |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| 2018<br>Aug 13 | Gaby<br>Goods  | 100   |         |               |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
|                | Less Trade discount  | 20    | 80      | <b>(1)</b>    |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |
| 31             | Transfer to purchases returns account  |       | 80      | <b>(1) OF</b> |    |  |               |                |       |  |  |  |                     |       |       |            |   |               |       |  |  |  |                     |     |       |            |    |                               |  |       |               |      |         |    |    |  |                |               |     |  |  |  |                     |    |    |            |    |                                       |  |    |               |          |

| Question | Answer  | Marks    |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
|----------|---|----------|---------|---------------------------------|-------|---------|----|------|--|--|--|--|--|--------|-----------------------------------|-------|--|--|--|------|---------|----|------|---------|----|--|--|--|------|--|--|--|--|--|--------|---------------------------------|----|------|---------|----|------|---------|----|------|--|--|------|--|--|--------|---------------------------------|----|-------|------------------------|-------|----|--------------------|-------|--|--|--|--|------------------------|----|--|--|--|----------|
| 1(e)     | <p style="text-align: center;">Thato<br/>Purchases account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aug 31</td> <td>Purchases for month <b>(1) OF</b></td> <td>7 080</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Purchases returns account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Aug 31</td> <td>Returns for month <b>(1) OF</b></td> <td>80</td> </tr> </tbody> </table> <p style="text-align: center;">Gaby account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Aug 13</td> <td>Purchases returns <b>(1) OF</b></td> <td>80</td> <td>Aug 9</td> <td>Purchases <b>(1)OF</b></td> <td>2 080</td> </tr> <tr> <td>30</td> <td>Bank <b>(1) OF</b></td> <td>1 960</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Discount <b>(1) OF</b></td> <td>40</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Date     | Details | \$                              | Date  | Details | \$ | 2018 |  |  |  |  |  | Aug 31 | Purchases for month <b>(1) OF</b> | 7 080 |  |  |  | Date | Details | \$ | Date | Details | \$ |  |  |  | 2018 |  |  |  |  |  | Aug 31 | Returns for month <b>(1) OF</b> | 80 | Date | Details | \$ | Date | Details | \$ | 2018 |  |  | 2018 |  |  | Aug 13 | Purchases returns <b>(1) OF</b> | 80 | Aug 9 | Purchases <b>(1)OF</b> | 2 080 | 30 | Bank <b>(1) OF</b> | 1 960 |  |  |  |  | Discount <b>(1) OF</b> | 40 |  |  |  | <b>6</b> |
| Date     | Details   | \$       | Date    | Details                         | \$    |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| 2018     |   |          |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| Aug 31   | Purchases for month <b>(1) OF</b>   | 7 080    |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| Date     | Details   | \$       | Date    | Details                         | \$    |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
|          |   |          | 2018    |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
|          |   |          | Aug 31  | Returns for month <b>(1) OF</b> | 80    |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| Date     | Details   | \$       | Date    | Details                         | \$    |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| 2018     |   |          | 2018    |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| Aug 13   | Purchases returns <b>(1) OF</b>   | 80       | Aug 9   | Purchases <b>(1)OF</b>          | 2 080 |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| 30       | Bank <b>(1) OF</b>  | 1 960    |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
|          | Discount <b>(1) OF</b>  | 40       |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |
| 1(f)     | Business entity <b>(1)</b><br>Money measurement <b>(1)</b><br>Realisation <b>(1)</b>  | <b>3</b> |         |                                 |       |         |    |      |  |  |  |  |  |        |                                   |       |  |  |  |      |         |    |      |         |    |  |  |  |      |  |  |  |  |  |        |                                 |    |      |         |    |      |         |    |      |  |  |      |  |  |        |                                 |    |       |                        |       |    |                    |       |  |  |  |  |                        |    |  |  |  |          |

| Question       | Answer  | Marks         |         |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
|----------------|---|---------------|---------|----------------|------|---------|----|------|----|----------------|------|---------------|------|----------|----------------|----|--------|----------------|---|----------|
| 2(a)           | Reduces the number of entries in the main cash book<br>Reduces the small cash payments in the main cash book<br>Reduces the number of entries in the ledger<br>Allows the chief cashier to delegate some of the work<br>Provides training for junior members of staff<br><b>Or other suitable advantage</b><br><b>Any 1 advantage (1)</b>   | <b>1</b>      |         |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| 2(b)           | <p style="text-align: center;">Sara<br/>Cleaning account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Jul 31</td> <td>Petty cash (1)</td> <td>55</td> <td>Jul 31</td> <td>Petty cash (1)</td> <td>5</td> </tr> </tbody> </table> | Date          | Details | \$             | Date | Details | \$ | 2018 |    |                | 2018 |               |      | Jul 31   | Petty cash (1) | 55 | Jul 31 | Petty cash (1) | 5 | <b>2</b> |
| Date           | Details   | \$            | Date    | Details        | \$   |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| 2018           |   |               | 2018    |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| Jul 31         | Petty cash (1)  | 55            | Jul 31  | Petty cash (1) | 5    |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| 2(c)           | Sabeena account (1) Debit (1)   | <b>2</b>      |         |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| 2(d)           | <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">debit</th> <th colspan="2">credit</th> </tr> <tr> <th></th> <th>\$</th> <th></th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>petty cash (1)</td> <td>104*</td> <td>cash/bank (1)</td> <td>104*</td> </tr> </tbody> </table> <p style="text-align: right;"><b>*(1) for 2 matching correct figures</b></p>  | debit         |         | credit         |      |         | \$ |      | \$ | petty cash (1) | 104* | cash/bank (1) | 104* | <b>3</b> |                |    |        |                |   |          |
| debit          |   | credit        |         |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
|                | \$  |               | \$      |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |
| petty cash (1) | 104*  | cash/bank (1) | 104*    |                |      |         |    |      |    |                |      |               |      |          |                |    |        |                |   |          |

| Question | Answer                                |                        |     |        |             |     | Marks    |
|----------|---------------------------------------|------------------------|-----|--------|-------------|-----|----------|
| 2(e)     | Sara<br>Commission receivable account |                        |     |        |             |     | <b>4</b> |
|          | Date                                  | Details                | \$  | Date   | Details     | \$  |          |
|          | 2017                                  |                        |     | 2017   |             |     |          |
|          | Aug 1                                 | Balance b/d            | 190 | Aug 3  | Bank }      | 190 |          |
|          | 2018                                  |                        |     | 2018   | }(1)        |     |          |
|          | Jul 31                                | Income statement (1)OF | 420 | Feb 1  | Bank }      | 200 |          |
|          |                                       |                        | 610 | Jul 31 | Balance c/d | 220 |          |
|          |                                       |                        | 610 |        |             | 610 |          |
|          | 2018                                  |                        |     |        |             |     |          |
|          | Aug 1                                 | Balance b/d (1)        | 220 |        |             |     |          |
|          | <b>+ (1) Dates</b>                    |                        |     |        |             |     |          |



| Question       | Answer   | Marks    |                |                         |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|----------------|--|----------|----------------|-------------------------|-------|---------|----|---------------|-------------------------|-----|---------------|---------------------|-----|----------------|------------------|-------|----------------|--------------|-------|---------------|-----------------|-------|--|------------------|--|--|--|--|--|-----|--|----------------|-------------|-----|--|------------|--|--|--|--|--|-----------------|--|--|--|--|--|-------|-------|--|--|--|--|-------------|-----|--|--|-------|--|--|-------|---------------|------------------------|-----|---------------|-------------------------|-----|----------|
| 2(f)           | <p>Sara<br/>Rates and insurance account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2017<br/>Aug 1</td> <td>Balance (insurance) b/d</td> <td style="text-align: right;">570</td> <td>2017<br/>Aug 1</td> <td>Balance (rates) b/d</td> <td style="text-align: right;">800</td> </tr> <tr> <td>2017<br/>Sept 1</td> <td>Bank (rates) (1)</td> <td style="text-align: right;">5 200</td> <td>2018<br/>Jul 31</td> <td>Drawings (1)</td> <td style="text-align: right;">1 000</td> </tr> <tr> <td>2017<br/>Nov 1</td> <td>Bank (ins.) (1)</td> <td style="text-align: right;">3 400</td> <td></td> <td>Income statement</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>2018<br/>Jul 31</td> <td>Balance c/d</td> <td style="text-align: right;">400</td> <td></td> <td>Rates 4800</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Ins <u>2370</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)OF</td> <td style="text-align: right;">7 170</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">600</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">9 570</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">9 570</td> </tr> <tr> <td>2018<br/>Aug 1</td> <td>Balance (ins.) b/d (1)</td> <td style="text-align: right;">600</td> <td>2018<br/>Aug 1</td> <td>Balance (rates) b/d (1)</td> <td style="text-align: right;">400</td> </tr> </tbody> </table> <p><b>+ (1) Dates</b></p> | Date     | Details        | \$                      | Date  | Details | \$ | 2017<br>Aug 1 | Balance (insurance) b/d | 570 | 2017<br>Aug 1 | Balance (rates) b/d | 800 | 2017<br>Sept 1 | Bank (rates) (1) | 5 200 | 2018<br>Jul 31 | Drawings (1) | 1 000 | 2017<br>Nov 1 | Bank (ins.) (1) | 3 400 |  | Income statement |  |  |  |  |  | (1) |  | 2018<br>Jul 31 | Balance c/d | 400 |  | Rates 4800 |  |  |  |  |  | Ins <u>2370</u> |  |  |  |  |  | (1)OF | 7 170 |  |  |  |  | Balance c/d | 600 |  |  | 9 570 |  |  | 9 570 | 2018<br>Aug 1 | Balance (ins.) b/d (1) | 600 | 2018<br>Aug 1 | Balance (rates) b/d (1) | 400 | <b>8</b> |
| Date           | Details  | \$       | Date           | Details                 | \$    |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2017<br>Aug 1  | Balance (insurance) b/d  | 570      | 2017<br>Aug 1  | Balance (rates) b/d     | 800   |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2017<br>Sept 1 | Bank (rates) (1)   | 5 200    | 2018<br>Jul 31 | Drawings (1)            | 1 000 |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2017<br>Nov 1  | Bank (ins.) (1)  | 3 400    |                | Income statement        |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|                |  |          |                | (1)                     |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2018<br>Jul 31 | Balance c/d  | 400      |                | Rates 4800              |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|                |  |          |                | Ins <u>2370</u>         |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|                |  |          |                | (1)OF                   | 7 170 |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|                |  |          |                | Balance c/d             | 600   |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
|                |  | 9 570    |                |                         | 9 570 |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2018<br>Aug 1  | Balance (ins.) b/d (1)   | 600      | 2018<br>Aug 1  | Balance (rates) b/d (1) | 400   |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2(g)           | <p>Financial information is reliable only<br/>                     if it can be depended on to represent actual events<br/>                     if it is free from error<br/>                     if it free from bias<br/> <b>Any 2 comments (1) each</b></p>   | <b>2</b> |                |                         |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |
| 2(h)           | <p>Comparability (1)<br/>                     Relevance (1)<br/>                     Understandability (1)</p>   | <b>3</b> |                |                         |       |         |    |               |                         |     |               |                     |     |                |                  |       |                |              |       |               |                 |       |  |                  |  |  |  |  |  |     |  |                |             |     |  |            |  |  |  |  |  |                 |  |  |  |  |  |       |       |  |  |  |  |             |     |  |  |       |  |  |       |               |                        |     |               |                         |     |          |

| Question   | Answer  | Marks    |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
|--|---|----------|--------|----|--|--|--|--------|--|--------------------------|--------|--|--|-----------------------------|-------|--|--|-------------------------------|-------|--|--|------------------|-------|-----|--|--|----|--|--|--------------|--|--|--|--|-------|--|--|---|-------|-----|--------|---------------------|--|-------|--------|-----------|
| 3(a)   | <p style="text-align: center;">Sadia<br/>Income Statement for the year ended 30 September 2018</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 20%;"></td> </tr> <tr> <td>Fees from clients (42 100 – 2880(1) + 3120(1))</td> <td></td> <td style="text-align: right;">42 340</td> <td></td> </tr> <tr> <td>Wages (29 800 – 3500(1))</td> <td style="text-align: right;">26 300</td> <td></td> <td></td> </tr> <tr> <td>Advertising (3150 – 630(1))</td> <td style="text-align: right;">2 520</td> <td></td> <td></td> </tr> <tr> <td>Rent (1200 + 190(1) – 200(1))</td> <td style="text-align: right;">1 190</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">1 775</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts ((5% · 3120(1)) – 144(1))</td> <td style="text-align: right;">12</td> <td></td> <td></td> </tr> <tr> <td>Depreciation</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Office equipment ((26 000 – 9360)(1) · 20%(1))</td> <td style="text-align: right;">3 328</td> <td></td> <td></td> </tr> <tr> <td>Office furniture (11 100 + 1450 – 11 400)</td> <td style="text-align: right; border-bottom: 1px solid black;">1 150</td> <td style="text-align: right; border-bottom: 1px solid black;">(1)</td> <td style="text-align: right; border-bottom: 1px solid black;">36 275</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right; border-bottom: 3px double black;">6 065</td> <td style="text-align: right; border-bottom: 3px double black;">(1) OF</td> </tr> </table> |          | \$     | \$ |  | Fees from clients (42 100 – 2880(1) + 3120(1)) |  | 42 340 |  | Wages (29 800 – 3500(1)) | 26 300 |  |  | Advertising (3150 – 630(1)) | 2 520 |  |  | Rent (1200 + 190(1) – 200(1)) | 1 190 |  |  | General expenses | 1 775 | (1) |  | Provision for doubtful debts ((5% · 3120(1)) – 144(1)) | 12 |  |  | Depreciation |  |  |  | Office equipment ((26 000 – 9360)(1) · 20%(1)) | 3 328 |  |  | Office furniture (11 100 + 1450 – 11 400) | 1 150 | (1) | 36 275 | Profit for the year |  | 6 065 | (1) OF | <b>13</b> |
|  | \$  | \$       |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Fees from clients (42 100 – 2880(1) + 3120(1))         |   | 42 340   |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Wages (29 800 – 3500(1))                               | 26 300  |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Advertising (3150 – 630(1))                            | 2 520   |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Rent (1200 + 190(1) – 200(1))                          | 1 190   |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| General expenses                                       | 1 775   | (1)      |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Provision for doubtful debts ((5% · 3120(1)) – 144(1)) | 12  |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Depreciation   |   |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Office equipment ((26 000 – 9360)(1) · 20%(1))         | 3 328   |          |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Office furniture (11 100 + 1450 – 11 400)              | 1 150   | (1)      | 36 275 |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| Profit for the year                                    |   | 6 065    | (1) OF |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| 3(b)   | Revenue<br>Purchases<br>Inventory (opening/closing)<br>Returns (sales/purchases)<br>Carriage inwards<br>Carriage outwards<br><b>Or other suitable item</b><br><b>Any 3 items (1) each</b>   | <b>3</b> |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |
| 3(c)   | Assess prospects of any requested loan/overdraft being repaid when due<br>Assess prospects of any interest on loan/overdraft being paid when due<br>Assess security available to cover any loan/overdraft<br><b>Or other acceptable reason</b><br><b>Any 2 reasons (1) each</b>   | <b>2</b> |        |    |  |  |  |        |  |                          |        |  |  |                             |       |  |  |                               |       |  |  |                  |       |     |  |  |    |  |  |              |  |  |  |  |       |  |  |   |       |     |        |                     |  |       |        |           |

| Question | Answer  | Marks    |
|----------|---|----------|
| 3(d)     | Competitors<br>Employees<br>Government<br>Lenders/potential lenders<br>Manager<br>Potential buyers of the business/investors<br>Potential partners<br>Trade receivables/clients/customers<br>Trade payables/suppliers<br>Owner/Sadia<br><b>Or other acceptable interested party</b><br><b>Any two interested parties (1) each</b> | <b>2</b> |

| Question | Answer   | Marks    |
|----------|--|----------|
| 4(a)     | To ensure that the trial balance totals agree<br>To allow draft financial statements to be prepared<br>To assist in the correction of errors<br>To assist in ensuring errors are discovered<br><b>Any 2 reasons (1) each</b> | <b>2</b> |

| Question | Answer  | Marks    |         |     |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|----------|---|----------|---------|-----|----|--|----------|----------|------|--|-----|--|-----------------|--|-----|-----|--|--------------|--|-----|-----|--|--|--|--|-----|----------|------------------|-----|--|-----|--|-----------|--|-----|-----|--|--|--|--|-----|----------|------------|---|--|-----|--|----------|--|----|-----|--|--|--|--|-----|-----------|
| 4(b)     | <p style="text-align: center;">Rizwan<br/>Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 60%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>1</b></td> <td>Suspense</td> <td style="text-align: right;">1120</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Rent receivable</td> <td></td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Rent payable</td> <td></td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, rent receivable treated as rent payable</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="text-align: center;"><b>2</b></td> <td>Office equipment</td> <td style="text-align: right;">890</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Purchases</td> <td></td> <td style="text-align: right;">890</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, office equipment treated as purchases</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="text-align: center;"><b>3</b></td> <td>(No entry)</td> <td style="text-align: center;">–</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Suspense</td> <td></td> <td style="text-align: right;">21</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, petty cash omitted from trial balance</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table> |          | Details | \$  | \$ |  | <b>1</b> | Suspense | 1120 |  | (1) |  | Rent receivable |  | 560 | (1) |  | Rent payable |  | 560 | (1) |  | Correction of error, rent receivable treated as rent payable |  |  | (1) | <b>2</b> | Office equipment | 890 |  | (1) |  | Purchases |  | 890 | (1) |  | Correction of error, office equipment treated as purchases |  |  | (1) | <b>3</b> | (No entry) | – |  | (1) |  | Suspense |  | 21 | (1) |  | Correction of error, petty cash omitted from trial balance |  |  | (1) | <b>10</b> |
|          | Details   | \$       | \$      |     |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
| <b>1</b> | Suspense  | 1120     |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Rent receivable   |          | 560     | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Rent payable  |          | 560     | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Correction of error, rent receivable treated as rent payable  |          |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
| <b>2</b> | Office equipment  | 890      |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Purchases   |          | 890     | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Correction of error, office equipment treated as purchases  |          |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
| <b>3</b> | (No entry)  | –        |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Suspense  |          | 21      | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
|          | Correction of error, petty cash omitted from trial balance  |          |         | (1) |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
| 4(c)     | <p>Higher mark-up<br/>Lower cost price of goods<br/>Higher selling price of goods<br/>Lower rate of trade discount allowed to customers<br/>Higher rate of trade discount received from suppliers<br/>Different mix of goods<br/><b>Or other suitable reason</b><br/><b>Any 2 reasons (1) each</b></p>  | <b>2</b> |         |     |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |
| 4(d)     | <p>Year ended 30 September 2017 <b>(1)</b></p> <p>Reason<br/>The business was run less efficiently in 2018<br/>The percentage of expenses to revenue was greater in 2018<br/><b>Any 1 comment (1)</b></p>   | <b>2</b> |         |     |    |  |          |          |      |  |     |  |                 |  |     |     |  |              |  |     |     |  |  |  |  |     |          |                  |     |  |     |  |           |  |     |     |  |  |  |  |     |          |            |   |  |     |  |          |  |    |     |  |  |  |  |     |           |

| Question | Answer  | Marks    |
|----------|---|----------|
| 4(e)     | Reduce expenses/control expenses better<br>Obtain more other income<br>Change the type of expenses<br><b>Or other suitable ways</b><br><b>Any 2 ways (1) each</b> | <b>2</b> |
| 4(f)     | Increase in profit<br>Reduction in capital/increase in drawings<br>Reduction in long term loans<br><b>Any 2 reasons (1) each</b>                                  | <b>2</b> |

| Question | Answer   | Marks    |
|----------|--|----------|
| 5(a)     | Easier to see amount invested by each partner<br>Easier to calculate interest on capital<br>Easier to see the profit retained by each partner<br>Easier to see if a partner is making excessive drawings<br><b>Any 2 advantages (1) each</b> | <b>2</b> |

| Question | Answer                            |   |               |                           |                |  |                       |                          | Marks    |
|----------|-----------------------------------|---|---------------|---------------------------|----------------|--|-----------------------|--------------------------|----------|
| 5(b)     | Mark and Ella<br>Current accounts |   |               |                           |                |  |                       |                          | <b>7</b> |
|          | Date                              | Detail  | Mark<br>\$    | Ella<br>\$                | Date           | Detail   | Mark<br>\$            | Ella<br>\$               |          |
|          | 2017<br>Sept 1                    | Balance b/d   | 1 800         |                           | 2017<br>Sept 1 | Balance b/d  |                       | 2 000                    |          |
|          | 2018<br>Aug 31                    | Drawings (1)<br>Interest on drawings (1)<br>Balance c/d | 12 000<br>960 | 16 000<br>1 280<br>11 640 | 2018<br>Aug 31 | Interest on capital (1)<br>Salary (1)<br>Profit share (1)<br>Balance c/d | 6 000<br>7 920<br>840 | 4 000<br>15 000<br>7 920 |          |
|          |                                   |   | 14 760        | 28 920                    |                |  | 14 760                | 28 920                   |          |
|          | 2018<br>Sept 1                    | Balance b/d (1)OF                                       | 840           |                           | 2018<br>Sept 1 | Balance b/d (1)OF  |                       | 11 640                   |          |

| Question                             | Answer  | Marks  |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|--------------------------------------|---|--------|--------------------|----|----|---------------|--|--|--|---------------------------|--|--|--|------------------|--|--|---------|------------------------------------|--|--|--------|------------------------------|--|--|--------|--|--|--|--------------------|-----------------------|--|--|--|-----------|--|--|--------|-------------------|--------|--|--|-----------------------------------|------------|--|------------|------------|--|--|-----|--|--|--|-------------------|---------------------|--|--|----------------|--------------------------------|--|--|--|--|------|------|-------|------------------|---------|--------|-------------|------------------|-------|--------|---------------|--|--|--|---------|----------------------------|--|--|--|----------------|--|--|--------|----------------|--|--|-------|--|--|--|-------------------|--------------------------------------|--|--|----------------|----------|
| 5(c)                                 | <p style="text-align: center;">Mark and Ella<br/>Statement of Financial Position at 31 August 2018</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Assets</b></td> </tr> <tr> <td colspan="4"><b>Non-current assets</b></td> </tr> <tr> <td>Premises at cost</td> <td></td> <td></td> <td style="text-align: right;">165 000</td> </tr> <tr> <td>Fixtures &amp; equipment at book value</td> <td></td> <td></td> <td style="text-align: right;">24 400</td> </tr> <tr> <td>Motor vehicles at book value</td> <td></td> <td></td> <td style="text-align: right;">14 750</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>204 150 (1)</u></td> </tr> <tr> <td colspan="4"><b>Current assets</b></td> </tr> <tr> <td>Inventory</td> <td></td> <td></td> <td style="text-align: right;">14 950</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">16 800</td> <td></td> <td></td> </tr> <tr> <td>Less Provision for doubtful debts</td> <td style="text-align: right;"><u>420</u></td> <td></td> <td style="text-align: right;">16 380 (1)</td> </tr> <tr> <td>Petty cash</td> <td></td> <td></td> <td style="text-align: right;">150</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>31 480 (1)</u></td> </tr> <tr> <td><b>Total assets</b></td> <td></td> <td></td> <td style="text-align: right;"><u>235 630</u></td> </tr> <tr> <td colspan="4"><b>Capital and liabilities</b></td> </tr> <tr> <td></td> <td style="text-align: center;">Mark</td> <td style="text-align: center;">Ella</td> <td style="text-align: center;">Total</td> </tr> <tr> <td>Capital accounts</td> <td style="text-align: right;">120 000</td> <td style="text-align: right;">80 000</td> <td style="text-align: right;">200 000 (1)</td> </tr> <tr> <td>Current accounts</td> <td style="text-align: right;">(840)</td> <td style="text-align: right;">11 640</td> <td style="text-align: right;">10 800 (1) OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">210 800</td> </tr> <tr> <td colspan="4"><b>Current liabilities</b></td> </tr> <tr> <td>Trade payables</td> <td></td> <td></td> <td style="text-align: right;">19 240</td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td></td> <td style="text-align: right;">5 590</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>24 830 (1)</u></td> </tr> <tr> <td><b>Total capital and liabilities</b></td> <td></td> <td></td> <td style="text-align: right;"><u>235 630</u></td> </tr> </tbody> </table> |        | \$                 | \$ | \$ | <b>Assets</b> |  |  |  | <b>Non-current assets</b> |  |  |  | Premises at cost |  |  | 165 000 | Fixtures & equipment at book value |  |  | 24 400 | Motor vehicles at book value |  |  | 14 750 |  |  |  | <u>204 150 (1)</u> | <b>Current assets</b> |  |  |  | Inventory |  |  | 14 950 | Trade receivables | 16 800 |  |  | Less Provision for doubtful debts | <u>420</u> |  | 16 380 (1) | Petty cash |  |  | 150 |  |  |  | <u>31 480 (1)</u> | <b>Total assets</b> |  |  | <u>235 630</u> | <b>Capital and liabilities</b> |  |  |  |  | Mark | Ella | Total | Capital accounts | 120 000 | 80 000 | 200 000 (1) | Current accounts | (840) | 11 640 | 10 800 (1) OF |  |  |  | 210 800 | <b>Current liabilities</b> |  |  |  | Trade payables |  |  | 19 240 | Bank overdraft |  |  | 5 590 |  |  |  | <u>24 830 (1)</u> | <b>Total capital and liabilities</b> |  |  | <u>235 630</u> | <b>6</b> |
|                                      | \$  | \$     | \$                 |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Assets</b>                        |   |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Non-current assets</b>            |   |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Premises at cost                     |   |        | 165 000            |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Fixtures & equipment at book value   |   |        | 24 400             |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Motor vehicles at book value         |   |        | 14 750             |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|                                      |   |        | <u>204 150 (1)</u> |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Current assets</b>                |   |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Inventory                            |   |        | 14 950             |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Trade receivables                    | 16 800  |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Less Provision for doubtful debts    | <u>420</u>  |        | 16 380 (1)         |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Petty cash                           |   |        | 150                |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|                                      |   |        | <u>31 480 (1)</u>  |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Total assets</b>                  |   |        | <u>235 630</u>     |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Capital and liabilities</b>       |   |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|                                      | Mark  | Ella   | Total              |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Capital accounts                     | 120 000   | 80 000 | 200 000 (1)        |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Current accounts                     | (840)   | 11 640 | 10 800 (1) OF      |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|                                      |   |        | 210 800            |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Current liabilities</b>           |   |        |                    |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Trade payables                       |   |        | 19 240             |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| Bank overdraft                       |   |        | 5 590              |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
|                                      |   |        | <u>24 830 (1)</u>  |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |
| <b>Total capital and liabilities</b> |   |        | <u>235 630</u>     |    |    |               |  |  |  |                           |  |  |  |                  |  |  |         |                                    |  |  |        |                              |  |  |        |  |  |  |                    |                       |  |  |  |           |  |  |        |                   |        |  |  |                                   |            |  |            |            |  |  |     |  |  |  |                   |                     |  |  |                |                                |  |  |  |  |      |      |       |                  |         |        |             |                  |       |        |               |  |  |  |         |                            |  |  |  |                |  |  |        |                |  |  |       |  |  |  |                   |                                      |  |  |                |          |

| Question | Answer   | Marks    |
|----------|--|----------|
| 5(d)     | Ella has higher drawings so higher interest/Mark has lower drawings so lower interest<br>Present agreement may discourage Ella from taking excessive drawings<br>Not charging interest on drawings will reduce Mark's share of the profits<br><b>Or other suitable comments</b><br><b>Any 2 comments (1) each</b>  | <b>2</b> |
| 5(e)     | What profit share he would get<br>Whether interest on capital is allowed/interest on drawings is charged<br>Whether he would get a partnership salary<br>Comparison of present income with possible income if a partner<br>Whether capital would have to be invested<br>Responsibilities compared to those he now has<br>Will be responsible for the debts of the business<br>The capital employed/value of the business<br>Profitability of the business<br>Prospects for the future<br><b>Or other suitable considerations</b><br><b>Any 2 considerations (1) each</b> | <b>2</b> |

| Question | Answer   | Marks    |
|----------|--|----------|
| 6(a)     | Total of the direct materials, direct labour and direct expenses   | <b>1</b> |
| 6(b)     | Indirect factory wages, factory rent, factory insurance, depreciation of factory machinery, repair of factory machinery, etc.<br><b>Any 2 factory overheads (1) each</b> | <b>2</b> |
| 6(c)     | $36\,500 \cdot 20\% = 7300$ (1)  | <b>1</b> |



| Question                            | Answer  | Marks    |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
|-------------------------------------|---|----------|----|--|-------------------------|--------|-----|-------------------------------|-------|-----|--------------------|--------|--------|--------------------------------|--|--|----------------------------|--------|-----|-------------------------------------|-------|------|-------------------------------|-------|---|--------------------|--------|--------|----------|
| 6(d)                                | Long term loan<br>Mortgage<br>Admit a partner<br>Form a limited company<br>Government grant<br><b>Or other suitable source of finance</b><br><b>Any 2 sources (1) each</b>  | <b>2</b> |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| 6(e)                                | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Prime cost 30 000 + 20%</td> <td style="text-align: right;">36 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Factory overheads 6500 + 1500</td> <td style="text-align: right;">8 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of production</td> <td style="text-align: right; border-top: 1px solid black;">44 000</td> <td style="text-align: right; border-top: 1px solid black;">(1) OF</td> </tr> <tr> <td colspan="3"><b>Alternative calculation</b></td> </tr> <tr> <td>Present cost of production</td> <td style="text-align: right;">36 500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Increase in prime cost 30 000 x 20%</td> <td style="text-align: right;">6 000</td> <td style="text-align: right;">}(1)</td> </tr> <tr> <td>Increase in factory overheads</td> <td style="text-align: right; border-top: 1px solid black;">1 500</td> <td style="text-align: right; border-top: 1px solid black;">}</td> </tr> <tr> <td>Cost of production</td> <td style="text-align: right; border-top: 1px solid black;">44 000</td> <td style="text-align: right; border-top: 1px solid black;">(1) OF</td> </tr> </table> <p>Gross profit 44 000 · 18% = <u>7 920</u> (1) OF</p> |          | \$ |  | Prime cost 30 000 + 20% | 36 000 | (1) | Factory overheads 6500 + 1500 | 8 000 | (1) | Cost of production | 44 000 | (1) OF | <b>Alternative calculation</b> |  |  | Present cost of production | 36 500 | (1) | Increase in prime cost 30 000 x 20% | 6 000 | }(1) | Increase in factory overheads | 1 500 | } | Cost of production | 44 000 | (1) OF | <b>4</b> |
|                                     | \$  |          |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Prime cost 30 000 + 20%             | 36 000  | (1)      |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Factory overheads 6500 + 1500       | 8 000   | (1)      |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Cost of production                  | 44 000  | (1) OF   |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| <b>Alternative calculation</b>      |   |          |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Present cost of production          | 36 500  | (1)      |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Increase in prime cost 30 000 x 20% | 6 000   | }(1)     |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Increase in factory overheads       | 1 500   | }        |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| Cost of production                  | 44 000  | (1) OF   |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |
| 6(f)                                | Gross profit increases by only \$620 <b>OF</b><br>May not be worthwhile if the gross profit only increases by this amount<br>Interest may have to be paid on any money borrowed<br>May not be able to obtain the necessary finance<br>The figures provided are only estimates<br>Costs of materials and labour may increase by more than estimated<br>Customers may demand further price reductions<br>May not be able to sell additional output<br><b>Or other relevant disadvantages</b><br><b>Any 4 disadvantages (1) each</b>   | <b>4</b> |    |  |                         |        |     |                               |       |     |                    |        |        |                                |  |  |                            |        |     |                                     |       |      |                               |       |   |                    |        |        |          |