



Cambridge Assessment
International Education

Cambridge IGCSE®

ACCOUNTING

0452/02

Paper 2 Structured Written Paper

For examination from 2020

MARK SCHEME

Maximum Mark: 100

Specimen

This document has **12** pages. Blank pages are indicated.

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Turn over

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.

MARK SCHEME NOTES

The following notes are intended to aid interpretation of the mark scheme.

Abbreviation

OF Own Figure (**OF**) marks are awarded when an incorrect figure for which candidates may have previously lost marks has been correctly carried forward.

| Question | Answer | | | | | | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|------------|------------|----------------|------------------------------------|-------------------------|------------|---------------|--|-------------|----------|---------------------|------------------------------|---|--|----------|---------|-------------------------|------------|------------|---------------|-------------|--|----|--|---------------|-------------|--|--|------|----|------------|----|--|-----|---|---------------------------------|--|--|-----|----|-----------|--|------|--|----|--------------|--|--|----|----|--------------|--|--|------|----|-------------------------|--|--|-----|--|-------------|--|--|------|----|------------------------------------|--|--|----|--|--|--|--|--|--|------------|--|------|--|--|--|--|--|--|--|-------------|--|-----|--|--|--|----|------|------|--|--|--|------|------|----------------|-------------|--|------------|--|----------------|-------------|--|--|---------------|
| 1(a) | Shahid Cash Book | | | | | | | | | | 11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">Discount allowed \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">Discount received \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> </tr> </thead> <tbody> <tr> <td>2017 Aug 1</td> <td>Balance b/d</td> <td></td> <td style="text-align: right;">50</td> <td></td> <td>2017 Aug 1</td> <td>Balance b/d</td> <td></td> <td></td> <td style="text-align: right;">7150</td> </tr> <tr> <td>24</td> <td>Mariam (1)</td> <td style="text-align: right;">13</td> <td></td> <td style="text-align: right;">507</td> <td>9</td> <td>EN Supplies (dis cheque) (1)</td> <td></td> <td></td> <td style="text-align: right;">362</td> </tr> <tr> <td>30</td> <td>Sales (1)</td> <td></td> <td style="text-align: right;">3224</td> <td></td> <td>18</td> <td>Drawings (1)</td> <td></td> <td></td> <td style="text-align: right;">54</td> </tr> <tr> <td>31</td> <td>Cash c (1)OF</td> <td></td> <td></td> <td style="text-align: right;">3174</td> <td>27</td> <td>Office equipment (1)</td> <td></td> <td></td> <td style="text-align: right;">365</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td></td> <td></td> <td style="text-align: right;">4285</td> <td>31</td> <td>Office equipment repairs (1)</td> <td></td> <td></td> <td style="text-align: right;">35</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Bank c (1)</td> <td></td> <td style="text-align: right;">3174</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td></td> <td style="text-align: right;">100</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">13</td> <td style="text-align: right;">3274</td> <td style="text-align: right;">7966</td> <td></td> <td></td> <td></td> <td style="text-align: right;">3274</td> <td style="text-align: right;">7966</td> </tr> <tr> <td>2017 Sept 1</td> <td>Balance b/d</td> <td></td> <td style="text-align: right;">100 (1)</td> <td></td> <td>2017 Sept 1</td> <td>Balance b/d</td> <td></td> <td></td> <td style="text-align: right;">4285 (1)OF</td> </tr> </tbody> </table> | | | | | | | | | | | | Date | Details | Discount allowed \$ | Cash \$ | Bank \$ | Date | Details | Discount received \$ | Cash \$ | Bank \$ | 2017 Aug 1 | Balance b/d | | 50 | | 2017 Aug 1 | Balance b/d | | | 7150 | 24 | Mariam (1) | 13 | | 507 | 9 | EN Supplies (dis cheque) (1) | | | 362 | 30 | Sales (1) | | 3224 | | 18 | Drawings (1) | | | 54 | 31 | Cash c (1)OF | | | 3174 | 27 | Office equipment (1) | | | 365 | | Balance c/d | | | 4285 | 31 | Office equipment repairs (1) | | | 35 | | | | | | | Bank c (1) | | 3174 | | | | | | | | Balance c/d | | 100 | | | | 13 | 3274 | 7966 | | | | 3274 | 7966 | 2017 Sept 1 | Balance b/d | | 100 (1) | | 2017 Sept 1 | Balance b/d | | | 4285 (1)OF |
| Date | Details | Discount allowed \$ | Cash \$ | Bank \$ | Date | Details | Discount received \$ | Cash \$ | Bank \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 Aug 1 | Balance b/d | | 50 | | 2017 Aug 1 | Balance b/d | | | 7150 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | Mariam (1) | 13 | | 507 | 9 | EN Supplies (dis cheque) (1) | | | 362 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | Sales (1) | | 3224 | | 18 | Drawings (1) | | | 54 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | Cash c (1)OF | | | 3174 | 27 | Office equipment (1) | | | 365 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d | | | 4285 | 31 | Office equipment repairs (1) | | | 35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | Bank c (1) | | 3174 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | Balance c/d | | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 13 | 3274 | 7966 | | | | 3274 | 7966 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 Sept 1 | Balance b/d | | 100 (1) | | 2017 Sept 1 | Balance b/d | | | 4285 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| + (1) dates | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(b) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Transaction</th> <th style="width: 25%;">Document</th> <th style="width: 50%;">Book of prime entry</th> </tr> </thead> <tbody> <tr> <td>August 9 Goods 13 Returns</td> <td>Sales invoice (1) Credit note issued (1)</td> <td>Sales journal (1) Sales returns journal (1)</td> </tr> </tbody> </table> | | | | | | | | | | Transaction | Document | Book of prime entry | August 9 Goods 13 Returns | Sales invoice (1) Credit note issued (1) | Sales journal (1) Sales returns journal (1) | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transaction | Document | Book of prime entry | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|------------|---------|-------------|-------------------|---------|----|------|--|--|------|--|--|--------|-------------------|--------|-------|-------------|-----|----|------|---------|---|-----------|---------|--|----------|--------|--|--|--|----|-------------|------------|--|--|--|--|--|------------|--|--|------------|--|--|--|------|--|--|--|--|--|--------|-------------|-------------------|----------|
| 1(c) | <p style="text-align: center;">Mariam Shahid account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 5%;">\$</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>Aug 13</td> <td>Purchases returns</td> <td>24 (1)</td> <td>Aug 1</td> <td>Balance b/d</td> <td>520</td> </tr> <tr> <td>24</td> <td>Bank</td> <td>507 (1)</td> <td>9</td> <td>Purchases</td> <td>340 (1)</td> </tr> <tr> <td></td> <td>Discount</td> <td>13 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>31</td> <td>Balance c/d</td> <td><u>316</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>860</u></td> <td></td> <td></td> <td><u>860</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Sept 1</td> <td>Balance b/d</td> <td>316 (1) OF</td> </tr> </tbody> </table> | Date | Details | \$ | Date | Details | \$ | 2017 | | | 2017 | | | Aug 13 | Purchases returns | 24 (1) | Aug 1 | Balance b/d | 520 | 24 | Bank | 507 (1) | 9 | Purchases | 340 (1) | | Discount | 13 (1) | | | | 31 | Balance c/d | <u>316</u> | | | | | | <u>860</u> | | | <u>860</u> | | | | 2017 | | | | | | Sept 1 | Balance b/d | 316 (1) OF | 5 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | | | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 13 | Purchases returns | 24 (1) | Aug 1 | Balance b/d | 520 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | Bank | 507 (1) | 9 | Purchases | 340 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Discount | 13 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | Balance c/d | <u>316</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>860</u> | | | <u>860</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Sept 1 | Balance b/d | 316 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------|-----------------------------|--|----|------------------------|--|--|--|----------------------------|--|--|------------|---|--|--|------------------|--|--|--|--------|-----------------------------|--|--|-------------------|------------|--|--|------------|-------------------|--|--|--|------------------------|------------|--|--|--------------------------|---------|--|--|-------|-------------|--|--|---|---------|--|--|---------------------|------------------|--|---------------|--|--|--|----------------------|-------------------------------|--|--|------------------|--------------------|--|--|-----------------------------|-----------|
| 2(a) | <p style="text-align: center;">Yasmin Manufacturing Account for the year ended 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 10%;">\$</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Cost of materials used</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases of raw materials</td> <td></td> <td></td> <td>30 100 (1)</td> </tr> <tr> <td>Less Closing inventory of raw materials</td> <td></td> <td></td> <td><u>3 150 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>26 950</td> </tr> <tr> <td>Direct wages (31 500 + 800)</td> <td></td> <td></td> <td><u>32 300 (1)</u></td> </tr> <tr> <td>Prime cost</td> <td></td> <td></td> <td>59 250 (1)</td> </tr> <tr> <td>Factory overheads</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td>11 860 (1)</td> <td></td> <td></td> </tr> <tr> <td>General factory expenses</td> <td>3 240 }</td> <td></td> <td></td> </tr> <tr> <td>Rates</td> <td>4 500 } (1)</td> <td></td> <td></td> </tr> <tr> <td>Depreciation – Machinery (35 000 × 20%)</td> <td>7 000 }</td> <td></td> <td></td> </tr> <tr> <td>Tools (1 000 – 830)</td> <td><u>170 } (1)</u></td> <td></td> <td><u>26 770</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>86 020 (1) OF</td> </tr> <tr> <td>Less Closing work in progress</td> <td></td> <td></td> <td><u>2 820 (1)</u></td> </tr> <tr> <td>Cost of production</td> <td></td> <td></td> <td><u>83 200 (1) OF</u></td> </tr> </tbody> </table> | | \$ | | \$ | Cost of materials used | | | | Purchases of raw materials | | | 30 100 (1) | Less Closing inventory of raw materials | | | <u>3 150 (1)</u> | | | | 26 950 | Direct wages (31 500 + 800) | | | <u>32 300 (1)</u> | Prime cost | | | 59 250 (1) | Factory overheads | | | | Indirect factory wages | 11 860 (1) | | | General factory expenses | 3 240 } | | | Rates | 4 500 } (1) | | | Depreciation – Machinery (35 000 × 20%) | 7 000 } | | | Tools (1 000 – 830) | <u>170 } (1)</u> | | <u>26 770</u> | | | | 86 020 (1) OF | Less Closing work in progress | | | <u>2 820 (1)</u> | Cost of production | | | <u>83 200 (1) OF</u> | 10 |
| | \$ | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of materials used | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases of raw materials | | | 30 100 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Closing inventory of raw materials | | | <u>3 150 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 26 950 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct wages (31 500 + 800) | | | <u>32 300 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prime cost | | | 59 250 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Factory overheads | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indirect factory wages | 11 860 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General factory expenses | 3 240 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rates | 4 500 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation – Machinery (35 000 × 20%) | 7 000 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools (1 000 – 830) | <u>170 } (1)</u> | | <u>26 770</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 86 020 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Closing work in progress | | | <u>2 820 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of production | | | <u>83 200 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------|----|--|--------------------|---------|---------------|-----------------------------|---------------|------------|--------------|---------------|---------------|--|--------------|--|---------------|---------------|---------------|------------------------------------|--|--|----------|
| 2(b) | <p>The savings in direct labour costs would amount to \$10 767 a year (1). The cost of production would reduce by \$5 767 a year (wages decrease by \$10 767 and depreciation increases by \$5 000) (1). Reducing cost of production and maintaining selling price increase profit (1). The purchase would increase depreciation by \$5 000 a year (1) and might also increase the cost of repairs and power. (1) The purchase might incur finance charges if funds are not immediately available. (1)</p> <p>However redundancy costs might be incurred. (1)</p> <p>Would the reduction in labour enable her to be flexible enough to cope with fluctuations in demand / to cover holidays and sickness (1)? How easy would it be to hire more labour if the need arose (1)?</p> <p>max (2) for advantages, max (2) for disadvantages (1) for decision</p> <p>Accept all valid points</p> | 5 | | | | | | | | | | | | | | | | | | | | | |
| 2(c)(i) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Cost of production</td> <td style="text-align: right;">83 200</td> <td>(1) OF</td> </tr> <tr> <td>Purchases of finished goods</td> <td style="text-align: right;"><u>15 700</u></td> <td>(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">98 900</td> <td></td> </tr> <tr> <td>Less Closing inventory of finished goods</td> <td style="text-align: right;"><u>6 800</u></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;"><u>92 100</u></td> <td>(1) OF</td> </tr> <tr> <td colspan="3">(no omissions or extraneous items)</td> </tr> </table> | | \$ | | Cost of production | 83 200 | (1) OF | Purchases of finished goods | <u>15 700</u> | (1) | | 98 900 | | Less Closing inventory of finished goods | <u>6 800</u> | | Cost of sales | <u>92 100</u> | (1) OF | (no omissions or extraneous items) | | | 3 |
| | \$ | | | | | | | | | | | | | | | | | | | | | | |
| Cost of production | 83 200 | (1) OF | | | | | | | | | | | | | | | | | | | | | |
| Purchases of finished goods | <u>15 700</u> | (1) | | | | | | | | | | | | | | | | | | | | | |
| | 98 900 | | | | | | | | | | | | | | | | | | | | | | |
| Less Closing inventory of finished goods | <u>6 800</u> | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | <u>92 100</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | |
| (no omissions or extraneous items) | | | | | | | | | | | | | | | | | | | | | | | |
| 2(c)(ii) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">113 640</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;"><u>92 100</u></td> <td>OF</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;"><u>21 540</u></td> <td>(1) OF</td> </tr> </table> | | \$ | | Revenue | 113 640 | | Cost of sales | <u>92 100</u> | OF | Gross profit | <u>21 540</u> | (1) OF | 1 | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 113 640 | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | <u>92 100</u> | OF | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | <u>21 540</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | |
| 2(d) | <p>Increase selling price Increase mark-up Reduce trade discount allowed to customers Reduce cost of manufacturing Purchase cheaper raw materials Buy in bulk to obtain trade discount Reduce factory wages Reduce factory overheads</p> <p>Any 1 point (1)</p> | 1 | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|---|-------------|-----------------|--------|---------------------|-----------------|---------|----|------|--|--|--|------|--|--|--------|-------------------------|----------|--|-------|---------------------|---------|--------|--------------|----------|--|--------|------------------|------------|--|-----------|----------|--|--|-------|-------------|--|--|-------------|--|--|-----------|-----------------|--|------|--|--|--|---------------|------|--|-------|-------------|-----------|--|-------|-----|----------|--|--|--|--|-----------|------------|--|--|-------------|--|--|--|------------|--|--|--|--|--|--|-------------|--|------|--|--|--|--|--|--|-------|-------------|--|--|--|--|--|--|-------|-----|--|--|--|--|--|-----------|------------|--|--|--|--|--|--|-----------------|--|--|--|----------|
| 3(a) | <p style="text-align: center;">Amla Rates and insurance account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;"></th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td></td> <td></td> <td></td> <td>2016</td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Balance (insurance) b/d</td> <td>700 (1)</td> <td></td> <td>Jan 1</td> <td>Balance (rates) b/d</td> <td>480 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Bank – rates</td> <td>2560 (1)</td> <td></td> <td>Dec 31</td> <td>Income statement</td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">insurance</td> <td>2400 (1)</td> <td></td> <td></td> <td style="padding-left: 20px;">rates</td> <td>1920 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="padding-left: 20px;">insurance</td> <td><u>2300 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="padding-left: 20px;">Balance c/d –</td> <td>4220</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="padding-left: 40px;">rates</td> <td>160</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="padding-left: 40px;">insurance</td> <td><u>800</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>5660</u></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>960</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>5660</u></td> </tr> <tr> <td></td> <td>2017</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="padding-left: 20px;">rates</td> <td>160</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="padding-left: 20px;">insurance</td> <td><u>800</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>960 (2)CF/(1)OF</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(1) Dates</p> | Date | Details | \$ | | Date | Details | \$ | 2016 | | | | 2016 | | | Jan 1 | Balance (insurance) b/d | 700 (1) | | Jan 1 | Balance (rates) b/d | 480 (1) | Dec 31 | Bank – rates | 2560 (1) | | Dec 31 | Income statement | | | insurance | 2400 (1) | | | rates | 1920 (1) | | | | | | insurance | <u>2300 (1)</u> | | | | | | Balance c/d – | 4220 | | | | | | rates | 160 | | | | | | insurance | <u>800</u> | | | <u>5660</u> | | | | <u>960</u> | | | | | | | <u>5660</u> | | 2017 | | | | | | | Jan 1 | Balance b/d | | | | | | | rates | 160 | | | | | | insurance | <u>800</u> | | | | | | | 960 (2)CF/(1)OF | | | | 9 |
| Date | Details | \$ | | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | | | | 2016 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 1 | Balance (insurance) b/d | 700 (1) | | Jan 1 | Balance (rates) b/d | 480 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec 31 | Bank – rates | 2560 (1) | | Dec 31 | Income statement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | insurance | 2400 (1) | | | rates | 1920 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | insurance | <u>2300 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Balance c/d – | 4220 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | rates | 160 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | insurance | <u>800</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>5660</u> | | | | <u>960</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | <u>5660</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Jan 1 | Balance b/d | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | rates | 160 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | insurance | <u>800</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 960 (2)CF/(1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(b) | <p>Section of statement of financial position: Current assets (1) Reason: Both the rates and insurance are prepaid at the end of the year (1)</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(c) | <p style="text-align: center;">Amla Rent receivable account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;"></th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td></td> <td></td> <td></td> <td>2016</td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Income statement</td> <td>1200 (1)</td> <td></td> <td>Oct 1</td> <td>Bank</td> <td>800 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Balance c/d</td> <td><u>400</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td><u>1200</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1200</u></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1200</u></td> </tr> <tr> <td></td> <td>2017</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td>400 (1)OF</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(1) Dates</p> | Date | Details | \$ | | Date | Details | \$ | 2016 | | | | 2016 | | | Dec 31 | Income statement | 1200 (1) | | Oct 1 | Bank | 800 (1) | | | | | Dec 31 | Balance c/d | <u>400</u> | | | | | | | <u>1200</u> | | | <u>1200</u> | | | | <u>1200</u> | | 2017 | | | | | | | Jan 1 | Balance b/d | 400 (1)OF | | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date | Details | \$ | | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | | | | 2016 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec 31 | Income statement | 1200 (1) | | Oct 1 | Bank | 800 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Dec 31 | Balance c/d | <u>400</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | <u>1200</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>1200</u> | | | | <u>1200</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Jan 1 | Balance b/d | 400 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|--|----------|
| 3(d) | Section of statement of financial position: Current assets (1) Reason: Rent receivable is owed by the tenant (1) | 2 |
| 3(e) | Each monthly payment would be smaller making it easier to finance / having less impact on cash flow. (1) Payments would be made automatically avoiding the need for Amla to take action. (1) It would be more difficult for Amla to get behind with her payments. (1) Amla would lose control of her payment schedule. (1) Amla would not be able to pick and choose when to make the payment, when funds were sufficient. (1) Amla's bank charges might increase. (1) max (1) for advantage, max (1) for disadvantage plus (1) for decision. Accept all valid points | 3 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|----------------|---------|-------------------|----------------------|---------|----|------|--|--|------|--|--|--------|-----------------------------|----------------|--------|-----------|---------------|--|-------------|-----|--|------------|----------------|--|--|--|--|------------------|----------------|--|--|--|--|-------------------|----------------|--|--|--|--|------------|----------------------|--|--|------------|--|--|------------|--|--|--|------|--|--|--|--|--|-------|-------------|------------------|----------|
| 4(a) | <p style="text-align: center;">Wasim Suspense account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>Mar 31</td> <td>Difference on trial balance</td> <td style="text-align: right;">495 (1)</td> <td>Mar 31</td> <td>Purchases</td> <td style="text-align: right;">18 (1)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">190</td> <td></td> <td>Petty cash</td> <td style="text-align: right;">100 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Discount allowed</td> <td style="text-align: right;">250 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Discount received</td> <td style="text-align: right;">250 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Stationery</td> <td style="text-align: right;"><u>67</u> (1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>685</u></td> <td></td> <td></td> <td style="text-align: right;"><u>685</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 1</td> <td>Balance b/d</td> <td style="text-align: right;">190 (1)OF</td> </tr> </tbody> </table> | Date | Details | \$ | Date | Details | \$ | 2017 | | | 2017 | | | Mar 31 | Difference on trial balance | 495 (1) | Mar 31 | Purchases | 18 (1) | | Balance c/d | 190 | | Petty cash | 100 (1) | | | | | Discount allowed | 250 (1) | | | | | Discount received | 250 (1) | | | | | Stationery | <u>67</u> (1) | | | <u>685</u> | | | <u>685</u> | | | | 2017 | | | | | | Apr 1 | Balance b/d | 190 (1)OF | 7 |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | | | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 31 | Difference on trial balance | 495 (1) | Mar 31 | Purchases | 18 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d | 190 | | Petty cash | 100 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Discount allowed | 250 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Discount received | 250 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Stationery | <u>67</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>685</u> | | | <u>685</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 1 | Balance b/d | 190 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------|--|---|-----------|--|--------------|---------------------------------|---|-----------|---|--|-----|-----|-------|---|-----|-------|---|--|------|------|----------|-------|---|-------|--|---|-------|--|----------|
| 4(b) | <table border="1" data-bbox="302 199 1608 651"> <thead> <tr> <th data-bbox="302 199 454 284">Error number</th> <th data-bbox="454 199 1155 284">Details</th> <th data-bbox="1155 199 1382 284">Debit \$</th> <th data-bbox="1382 199 1608 284">Credit \$</th> </tr> </thead> <tbody> <tr> <td data-bbox="302 284 454 408">2</td> <td data-bbox="454 284 1155 408">DDE Limited DEC Limited Correction of error – DDE Limited wrongly credited</td> <td data-bbox="1155 284 1382 408">150</td> <td data-bbox="1382 284 1608 408">150</td> </tr> <tr> <td data-bbox="302 408 454 533">4</td> <td data-bbox="454 408 1155 533">Motor vehicle repairs Motor vehicles Correction of error – motor vehicles wrongly debited</td> <td data-bbox="1155 408 1382 533">283</td> <td data-bbox="1382 408 1608 533">283</td> </tr> <tr> <td data-bbox="302 533 454 651">5</td> <td data-bbox="454 533 1155 651">Fixtures OS Supplies Correction of error of reversal</td> <td data-bbox="1155 533 1382 651">4000</td> <td data-bbox="1382 533 1608 651">4000</td> </tr> </tbody> </table> <p data-bbox="302 683 1037 786">Any TWO of the above journal entries (1) debit entry (1) credit entry (1) narrative</p> | | | | Error number | Details | Debit \$ | Credit \$ | 2 | DDE Limited DEC Limited Correction of error – DDE Limited wrongly credited | 150 | 150 | 4 | Motor vehicle repairs Motor vehicles Correction of error – motor vehicles wrongly debited | 283 | 283 | 5 | Fixtures OS Supplies Correction of error of reversal | 4000 | 4000 | 6 | | | | | | | | |
| Error number | Details | Debit \$ | Credit \$ | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | DDE Limited DEC Limited Correction of error – DDE Limited wrongly credited | 150 | 150 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Motor vehicle repairs Motor vehicles Correction of error – motor vehicles wrongly debited | 283 | 283 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Fixtures OS Supplies Correction of error of reversal | 4000 | 4000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(c) | Error of commission (1) | | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(d) | <table border="1" data-bbox="302 865 1057 1321"> <thead> <tr> <th data-bbox="302 865 454 949">error number</th> <th data-bbox="454 865 757 949">affects the profit for the year</th> <th data-bbox="757 865 1057 949">does not affect the profit for the year</th> </tr> </thead> <tbody> <tr> <td data-bbox="302 949 454 1000">1</td> <td data-bbox="454 949 757 1000">✓</td> <td data-bbox="757 949 1057 1000"></td> </tr> <tr> <td data-bbox="302 1000 454 1051">2</td> <td data-bbox="454 1000 757 1051"></td> <td data-bbox="757 1000 1057 1051">✓ (1)</td> </tr> <tr> <td data-bbox="302 1051 454 1102">3</td> <td data-bbox="454 1051 757 1102"></td> <td data-bbox="757 1051 1057 1102">✓ (1)</td> </tr> <tr> <td data-bbox="302 1102 454 1153">4</td> <td data-bbox="454 1102 757 1153">✓ (1)</td> <td data-bbox="757 1102 1057 1153"></td> </tr> <tr> <td data-bbox="302 1153 454 1204">5</td> <td data-bbox="454 1153 757 1204"></td> <td data-bbox="757 1153 1057 1204">✓ (1)</td> </tr> <tr> <td data-bbox="302 1204 454 1256">6</td> <td data-bbox="454 1204 757 1256">✓ (1)</td> <td data-bbox="757 1204 1057 1256"></td> </tr> <tr> <td data-bbox="302 1256 454 1321">7</td> <td data-bbox="454 1256 757 1321">✓ (1)</td> <td data-bbox="757 1256 1057 1321"></td> </tr> </tbody> </table> | | | | error number | affects the profit for the year | does not affect the profit for the year | 1 | ✓ | | 2 | | ✓ (1) | 3 | | ✓ (1) | 4 | ✓ (1) | | 5 | | ✓ (1) | 6 | ✓ (1) | | 7 | ✓ (1) | | 6 |
| error number | affects the profit for the year | does not affect the profit for the year | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | ✓ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|-----------------------|-------------------------|---------------------------|--|----------|---------------------|-----------------------|-------------------------|-------------|-------------------|--------|-------|-------|-----------------------|---------------------|--|--|-------|----------------------|-----------------------------|--|-------|---------|----------------|-----------------------|--|--|---------|------------------------|----------------------|--------|-------|-------|---------------------------|----------|
| 5(a) | <p style="text-align: center;">K Limited Statement of Changes in Equity for the year ended 30 September 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Details</th> <th style="width: 15%;">Share capital \$</th> <th style="width: 15%;">General reserve \$</th> <th style="width: 15%;">Retained earnings \$</th> <th style="width: 25%;">Total \$</th> </tr> </thead> <tbody> <tr> <td>On 1 October 2016</td> <td style="text-align: right;">90 000</td> <td style="text-align: right;">4 000</td> <td style="text-align: right;">5 500</td> <td style="text-align: right;">99 500 (1) row</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">9 000</td> <td style="text-align: right;">9 000 (1) row</td> </tr> <tr> <td>Transfer to general reserve</td> <td></td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">(2 000)</td> <td style="text-align: right;">(1) row</td> </tr> <tr> <td>Interim dividend paid</td> <td></td> <td></td> <td style="text-align: right;">(4 500)</td> <td style="text-align: right;">(4 500) (1) row</td> </tr> <tr> <td>On 30 September 2017</td> <td style="text-align: right;">90 000</td> <td style="text-align: right;">6 000</td> <td style="text-align: right;">8 000</td> <td style="text-align: right;">104 000 (1 OF) row</td> </tr> </tbody> </table> | | | | | Details | Share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | On 1 October 2016 | 90 000 | 4 000 | 5 500 | 99 500 (1) row | Profit for the year | | | 9 000 | 9 000 (1) row | Transfer to general reserve | | 2 000 | (2 000) | (1) row | Interim dividend paid | | | (4 500) | (4 500) (1) row | On 30 September 2017 | 90 000 | 6 000 | 8 000 | 104 000 (1 OF) row | 5 |
| Details | Share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 1 October 2016 | 90 000 | 4 000 | 5 500 | 99 500 (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | 9 000 | 9 000 (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to general reserve | | 2 000 | (2 000) | (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interim dividend paid | | | (4 500) | (4 500) (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 30 September 2017 | 90 000 | 6 000 | 8 000 | 104 000 (1 OF) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(b) | <p>Current ratio $(5\,100 + 8\,500) : (6\,100 + 4\,300 + 1\,400) = 13\,600 : 11\,800$ (1) $= 1.15 : 1$ (1)</p> <p>Liquid (acid test) ratio $(8\,500 : (6\,100 + 4\,300 + 1\,400)) = 8\,500 : 11\,800$ (1) $= 0.72 : 1$ (1)</p> <p>Return on capital employed (ROCE) $\frac{9\,000}{(90\,000 + 6\,000 + 8\,000)} \times \frac{100}{1}$ (1)</p> <p style="text-align: center;">OR $\frac{9\,000}{(102\,200 + 13\,600 - 11\,800)} \times \frac{100}{1} = 8.65\%$ (1) OF</p> | | | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|--|----------|
| 5(c) | <p>Cash can be tied up in inventory (1). The bank account is already overdrawn (1). If excess inventory is held there are storage costs (1) and the risk of damage and obsolescence (1). The already low current ratio would fall (1) and there would be no effect on the liquid (acid test) ratio (1). However the fall in inventory might cause a fall in trade payables and the effect on the ratios cannot be quantified (1).</p> <p>Reducing inventory increases the risk of items not being available when necessary (1) and sales could be lost (1). This would decrease the ROCE if profit falls (1). If sales were lost then trade receivables could also fall which would also tend to lower the liquid (acid test) ratio and current ratios (1).</p> <p>max (4) for comments plus (1) for decision</p> | 5 |
| 5(d) | Unsatisfied (1) | 1 |
| 5(e) | <p>On average they are taking 22 days more than is allowed to pay credit suppliers, this may be caused by the credit customers taking too long to pay May result in further supplies being refused / damage relationship with suppliers May result in interest being charged on the overdue accounts Will not be able to take advantage of cash discount</p> <p>Any 3 comments (1) each</p> | 3 |

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