



Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/11

Paper 1

May/June 2017

MARK SCHEME

Maximum Mark: 120

Published

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This document consists of **11** printed pages.

| Question | Answer | Marks |
|-----------------|---------------|--------------|
| 1(a) | A (1) | 1 |
| 1(b) | C (1) | 1 |
| 1(c) | D (1) | 1 |
| 1(d) | C (1) | 1 |
| 1(e) | D (1) | 1 |
| 1(f) | C (1) | 1 |
| 1(g) | D (1) | 1 |
| 1(h) | A (1) | 1 |
| 1(i) | A (1) | 1 |
| 1(j) | B (1) | 1 |

| Question | Answer | | | Marks | | | | | | | | | | | | | | | | | | |
|--|--|--|--|---------------|----------------|--|-----------------|--------------------|--|----------------------|----------------|--------------------------------|---|--------------|--|--------------|--|---|--|--------------|--|---|
| 2(a) | capital = assets – liabilities (1) , or assets = capital + liabilities (1) , or liabilities = assets – capital (1) | | | 1 | | | | | | | | | | | | | | | | | | |
| 2(b) | asset – something a business owns or which is owed to the business (1) (need all) liability – something which a business owes to a third party (1) inventory – goods bought for resale not yet sold (1) | | | 3 | | | | | | | | | | | | | | | | | | |
| 2(c) | duality (1) | | | 1 | | | | | | | | | | | | | | | | | | |
| 2(d) | | <table border="1"> <thead> <tr> <th></th> <th>debit account</th> <th>credit account</th> </tr> </thead> <tbody> <tr> <td>Taha receives a cheque from Michael, a credit customer</td> <td>bank (1)</td> <td>Michael (1)</td> </tr> <tr> <td>Taha writes off of a debt owed by Zoe</td> <td>bad debts (1)</td> <td>Zoe (1)</td> </tr> </tbody> </table> | | debit account | credit account | Taha receives a cheque from Michael, a credit customer | bank (1) | Michael (1) | Taha writes off of a debt owed by Zoe | bad debts (1) | Zoe (1) | | 4 | | | | | | | | | |
| | debit account | credit account | | | | | | | | | | | | | | | | | | | | |
| Taha receives a cheque from Michael, a credit customer | bank (1) | Michael (1) | | | | | | | | | | | | | | | | | | | | |
| Taha writes off of a debt owed by Zoe | bad debts (1) | Zoe (1) | | | | | | | | | | | | | | | | | | | | |
| 2(e) | sales (ledger) (1) or Trade receivables (ledger) (1) | | | 1 | | | | | | | | | | | | | | | | | | |
| 2(f) | | <table border="1"> <thead> <tr> <th></th> <th>true</th> <th>false</th> </tr> </thead> <tbody> <tr> <td>it will increase the total of the non-current assets</td> <td></td> <td>√</td> </tr> <tr> <td>it will increase the total of current assets</td> <td></td> <td>√ (1)</td> </tr> <tr> <td>it will decrease cash and bank</td> <td></td> <td>√ (1)</td> </tr> <tr> <td>it will require a credit entry in the provision for doubtful debts account</td> <td>√ (1)</td> <td></td> </tr> <tr> <td>it will have no effect on profit for the year</td> <td></td> <td>√ (1)</td> </tr> </tbody> </table> | | true | false | it will increase the total of the non-current assets | | √ | it will increase the total of current assets | | √ (1) | it will decrease cash and bank | | √ (1) | it will require a credit entry in the provision for doubtful debts account | √ (1) | | it will have no effect on profit for the year | | √ (1) | | 4 |
| | true | false | | | | | | | | | | | | | | | | | | | | |
| it will increase the total of the non-current assets | | √ | | | | | | | | | | | | | | | | | | | | |
| it will increase the total of current assets | | √ (1) | | | | | | | | | | | | | | | | | | | | |
| it will decrease cash and bank | | √ (1) | | | | | | | | | | | | | | | | | | | | |
| it will require a credit entry in the provision for doubtful debts account | √ (1) | | | | | | | | | | | | | | | | | | | | | |
| it will have no effect on profit for the year | | √ (1) | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|---|------------|--------------------|------------|--------|----|----------------|------|----------|----|--------------|----------|----------------|--|--|--|------|--|--------------------|--|-------------------|--|--|--|--------------------|----------|
| 2(g) | <p style="text-align: center;">Andy Factory Street Toptown</p> <p style="text-align: right;">Invoice no 1001</p> <p style="text-align: center;">Fred Shop Road Toptown</p> <p style="text-align: right;">22 May 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Details</th> <th style="text-align: left;">Unit price</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">20</td> <td>Standard chair</td> <td style="text-align: right;">\$50</td> <td style="text-align: right;">1000 (1)</td> </tr> <tr> <td style="text-align: right;">10</td> <td>Luxury chair</td> <td style="text-align: right;">\$75 (1)</td> <td style="text-align: right;"><u>750 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">1750</td> </tr> <tr> <td></td> <td style="text-align: right;">10% trade discount</td> <td></td> <td style="text-align: right;"><u>175 (1) OF</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1575 (1) OF</u></td> </tr> </tbody> </table> | Quantity | Details | Unit price | Amount | 20 | Standard chair | \$50 | 1000 (1) | 10 | Luxury chair | \$75 (1) | <u>750 (1)</u> | | | | 1750 | | 10% trade discount | | <u>175 (1) OF</u> | | | | <u>1575 (1) OF</u> | 5 |
| Quantity | Details | Unit price | Amount | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Standard chair | \$50 | 1000 (1) | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Luxury chair | \$75 (1) | <u>750 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 1750 | | | | | | | | | | | | | | | | | | | | | | | |
| | 10% trade discount | | <u>175 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>1575 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | |
| 2(h) | \$1575 (1) OF | 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(i) | credit note (1) | 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(j) | Andy's business buys or manufactures goods which it then sells. (1) A service business provides a service to its customers or clients. (1) | 2 | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|---|-------------------------|------------------|--|----|--|--------------------|------------|-------------------------|---------------|--|---------------------------|---------|--|--|--|--|---------------|--|---------------|--|--|----|--|----|--|--------------------|-----------|----------------------|--------------|--|---------|-------|--------------|--|--|--|--------------|-------------|------------------|--|-------------------|--------------|--|--------------|--|---|
| 3(a) | Any reasonable comment for (1) mark e.g. Because purchases represent costs to the business Purchases are amounts which reduce profit Purchases are amounts paid by the business | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(b) | Book of prime (original) entry (1) | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(c) | <p style="text-align: center;">Zameer Purchases account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: right;">Feb 21 Balance b/d</td> <td style="text-align: right;">67 210 (1)</td> <td style="text-align: left;">Feb 28 Income statement</td> <td style="text-align: right;">68 170 (1) OF</td> <td></td> </tr> <tr> <td style="text-align: right;">28 Purchases for the week</td> <td style="text-align: right;">960 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>68 170</u></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>68 170</u></td> <td></td> </tr> </table> <p style="text-align: center;">Rent payable account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: right;">Feb 21 Balance b/d</td> <td style="text-align: right;">6 600 (1)</td> <td style="text-align: left;">Feb Income statement</td> <td style="text-align: right;">7 200 (1) OF</td> <td></td> </tr> <tr> <td style="text-align: right;">25 Bank</td> <td style="text-align: right;">1 800</td> <td style="text-align: left;">28 statement</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>8 400</u></td> <td style="text-align: left;">Balance c/d</td> <td style="text-align: right;"><u>1 200 (1)</u></td> <td></td> </tr> <tr> <td style="text-align: right;">Mar 1 Balance b/d</td> <td style="text-align: right;">1 200 (1) OF</td> <td></td> <td style="text-align: right;"><u>8 400</u></td> <td></td> </tr> </table> <p>+(1) for dates</p> | | \$ | | \$ | | Feb 21 Balance b/d | 67 210 (1) | Feb 28 Income statement | 68 170 (1) OF | | 28 Purchases for the week | 960 (1) | | | | | <u>68 170</u> | | <u>68 170</u> | | | \$ | | \$ | | Feb 21 Balance b/d | 6 600 (1) | Feb Income statement | 7 200 (1) OF | | 25 Bank | 1 800 | 28 statement | | | | <u>8 400</u> | Balance c/d | <u>1 200 (1)</u> | | Mar 1 Balance b/d | 1 200 (1) OF | | <u>8 400</u> | | 8 |
| | \$ | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb 21 Balance b/d | 67 210 (1) | Feb 28 Income statement | 68 170 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | <u>68 170</u> | | <u>68 170</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 25 Bank | 1 800 | 28 statement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>8 400</u> | Balance c/d | <u>1 200 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 1 Balance b/d | 1 200 (1) OF | | <u>8 400</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3(d) | Revenue (1) Revenue (1) | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|---|-------|
| 3(e) | (i) sales commission received rent received interest received any one for (1) mark. (ii) capital introduced proceeds of sale of non-current asset receipt of loan any one for (1) mark | 2 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|---|-----------------------------|----|----|---------|-------|-----------------------|--------------------------------|------------------|---------------|-----------|--------------------------|---------------|---|--------|--|----------------------------------|-------------------------|--|---------------|--|---------------|--------------|--|-----------------------------|---|
| 4(a) | at the lower of cost and net realisable value (1) | 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(b) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td style="text-align: right;">50×\$40</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="text-align: right;">1870 (1)×\$60</td> <td style="text-align: right;"><u>112 200</u></td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td style="text-align: right;">total</td> <td style="text-align: right;"><u>114 200</u></td> <td style="text-align: right;">(1) OF</td> </tr> </table> | | \$ | | 50×\$40 | 2 000 | (1) | 1870 (1) ×\$60 | <u>112 200</u> | (1) OF | total | <u>114 200</u> | (1) OF | 4 | | | | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50×\$40 | 2 000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | |
| 1870 (1) ×\$60 | <u>112 200</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | |
| total | <u>114 200</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(c) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> </tr> <tr> <td style="text-align: right;">Revenue</td> <td></td> <td style="text-align: right;">114 200 (1) OF</td> </tr> <tr> <td style="text-align: right;">Inventory at 1 January 2016</td> <td style="text-align: right;">2 400 (1)</td> <td></td> </tr> <tr> <td style="text-align: right;">Purchases</td> <td style="text-align: right;"><u>48 000</u> (1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">50 400</td> <td></td> </tr> <tr> <td style="text-align: right;">Inventory at 31 December 2016</td> <td style="text-align: right;"><u>4 320</u> (1)</td> <td></td> </tr> <tr> <td style="text-align: right;">Cost of sales</td> <td></td> <td style="text-align: right;"><u>46 080</u></td> </tr> <tr> <td style="text-align: right;">Gross profit</td> <td></td> <td style="text-align: right;"><u>68 120</u> (1) OF</td> </tr> </table> <p style="text-align: center;">accept alternative presentation</p> | | \$ | \$ | Revenue | | 114 200 (1) OF | Inventory at 1 January 2016 | 2 400 (1) | | Purchases | <u>48 000</u> (1) | | | 50 400 | | Inventory at 31 December 2016 | <u>4 320</u> (1) | | Cost of sales | | <u>46 080</u> | Gross profit | | <u>68 120</u> (1) OF | 5 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | | 114 200 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory at 1 January 2016 | 2 400 (1) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | <u>48 000</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 50 400 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory at 31 December 2016 | <u>4 320</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | <u>46 080</u> | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | <u>68 120</u> (1) OF | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|--|----------------|---------------|----------|-----------|---------------------------------|--|-------|--------------|---------------------|--------------|----------------|---------------|-----------------|--------------|---------|--|-----------|-----|--|------------|----------------------------------|--------------|--------------|------------|----------|--|----------------|---------------|---------------------------------|--|--|--|----------|
| 4(d) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right; width: 10%;">\$</td> <td style="text-align: right; width: 10%;">\$</td> <td style="width: 30%;"></td> </tr> <tr> <td>Trade receivables at 1 Jan 2016</td> <td></td> <td style="text-align: right;">7 900</td> <td>(1)</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;"><u>114 200</u></td> <td>(1) OF</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">122 100</td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">200</td> <td></td> <td>(1)</td> </tr> <tr> <td>Trade receivables at 31 Dec 2016</td> <td style="text-align: right;"><u>9 100</u></td> <td style="text-align: right;"><u>9 300</u></td> <td>(1)</td> </tr> <tr> <td>Receipts</td> <td></td> <td style="text-align: right;"><u>112 800</u></td> <td>(1) OF</td> </tr> <tr> <td colspan="4" style="text-align: center;">accept alternative presentation</td> </tr> </table> | | \$ | \$ | | Trade receivables at 1 Jan 2016 | | 7 900 | (1) | Sales | | <u>114 200</u> | (1) OF | | | 122 100 | | Bad debts | 200 | | (1) | Trade receivables at 31 Dec 2016 | <u>9 100</u> | <u>9 300</u> | (1) | Receipts | | <u>112 800</u> | (1) OF | accept alternative presentation | | | | 5 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables at 1 Jan 2016 | | 7 900 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | | <u>114 200</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 122 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debts | 200 | | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables at 31 Dec 2016 | <u>9 100</u> | <u>9 300</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Receipts | | <u>112 800</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| accept alternative presentation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(e) | <p>To apply the matching (accruals) principle (1) Because the income statement accounts for sales made during the year (1) Because receipts may not arise in the same year as the sale is made (1) accept other suitable answers [maximum 2]</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(f) | cash discount (1) | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(g) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%;">increase</th> <th style="width: 15%;">decrease</th> <th style="width: 15%;">no effect</th> </tr> </thead> <tbody> <tr> <td>gross profit</td> <td></td> <td></td> <td style="text-align: center;">√ (1)</td> </tr> <tr> <td>profit for the year</td> <td style="text-align: center;">√ (1)</td> <td></td> <td></td> </tr> <tr> <td>working capital</td> <td style="text-align: center;">√ (1)</td> <td></td> <td></td> </tr> </tbody> </table> | | increase | decrease | no effect | gross profit | | | √ (1) | profit for the year | √ (1) | | | working capital | √ (1) | | | 3 | | | | | | | | | | | | | | | | |
| | increase | decrease | no effect | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| gross profit | | | √ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| profit for the year | √ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| working capital | √ (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------------|-------|--------------|--------|--|--------|--------------------|------------------|---------------------|---------------------|--------|---|-------------------------|--------|-------|-----------------------|---------|--|--------------------|-------------|--|-----------------------------|--|-----------|-----------------|--|--------------|-------------------|--|---------------|-------------------|---------|---|---|--|--------------|-----------|----------|--|-------------------|--------------|--|------|--|---------|----------------|--|--------------|---------------------------------|--|-------------------|--|----------------|-----------------------|---|
| 5(a) | <p style="text-align: center;">JW Limited Trial Balance at 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">debit</th> <th style="width: 20%; text-align: center;">credit</th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">63 000 }</td> </tr> <tr> <td>Distribution costs</td> <td style="text-align: right;">24 000</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Administrative expenses</td> <td style="text-align: right;">16 000</td> <td style="text-align: right;">} (1)</td> </tr> <tr> <td>Interim dividend paid</td> <td style="text-align: right;">6 000 }</td> <td></td> </tr> <tr> <td>Debenture interest</td> <td style="text-align: right;">3 000 } (1)</td> <td></td> </tr> <tr> <td>Ordinary shares of \$1 each</td> <td></td> <td style="text-align: right;">100 000 }</td> </tr> <tr> <td>General reserve</td> <td></td> <td style="text-align: right;">50 000 } (1)</td> </tr> <tr> <td>Retained earnings</td> <td></td> <td style="text-align: right;">23 700 (1) OF</td> </tr> <tr> <td>Equipment at cost</td> <td style="text-align: right;">260 000</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Provision for depreciation of equipment</td> <td></td> <td style="text-align: right;">65 000 } (1)</td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">33 000 }</td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">14 000 } (1)</td> <td></td> </tr> <tr> <td>Bank</td> <td></td> <td style="text-align: right;">6 800 }</td> </tr> <tr> <td>Trade payables</td> <td></td> <td style="text-align: right;">17 500 } (1)</td> </tr> <tr> <td>10% debentures (repayable 2025)</td> <td></td> <td style="text-align: right;"><u>30 000 (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>356 000</u></td> <td style="text-align: right;"><u>356 000 (1) OF</u></td> </tr> </tbody> </table> | | debit | credit | | \$ | \$ | Gross profit | | 63 000 } | Distribution costs | 24 000 | } | Administrative expenses | 16 000 | } (1) | Interim dividend paid | 6 000 } | | Debenture interest | 3 000 } (1) | | Ordinary shares of \$1 each | | 100 000 } | General reserve | | 50 000 } (1) | Retained earnings | | 23 700 (1) OF | Equipment at cost | 260 000 | } | Provision for depreciation of equipment | | 65 000 } (1) | Inventory | 33 000 } | | Trade receivables | 14 000 } (1) | | Bank | | 6 800 } | Trade payables | | 17 500 } (1) | 10% debentures (repayable 2025) | | <u>30 000 (1)</u> | | <u>356 000</u> | <u>356 000 (1) OF</u> | 9 |
| | debit | credit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 63 000 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Distribution costs | 24 000 | } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | 16 000 | } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interim dividend paid | 6 000 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debenture interest | 3 000 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary shares of \$1 each | | 100 000 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General reserve | | 50 000 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained earnings | | 23 700 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment at cost | 260 000 | } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for depreciation of equipment | | 65 000 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | 33 000 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | 14 000 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | | 6 800 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | | 17 500 } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10% debentures (repayable 2025) | | <u>30 000 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>356 000</u> | <u>356 000 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(b) | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 40%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td style="text-align: right;">63 000</td> </tr> <tr> <td>Expenses [24 000 + 16 000] (1) + 13 000 (1)]</td> <td style="text-align: right;">53 000</td> </tr> <tr> <td>Debenture interest</td> <td style="text-align: right;"><u>3 000 (1)</u></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;"><u>7 000 (1) OF</u></td> </tr> </tbody> </table> | | \$ | Gross profit | 63 000 | Expenses [24 000 + 16 000] (1) + 13 000 (1)] | 53 000 | Debenture interest | <u>3 000 (1)</u> | Profit for the year | <u>7 000 (1) OF</u> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | 63 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses [24 000 + 16 000] (1) + 13 000 (1)] | 53 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debenture interest | <u>3 000 (1)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | <u>7 000 (1) OF</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|-----------------------|-------------------------|-----------------------|-------------------------|-------------|---------------|---------|------------|--------------|----------------|-----------------------|--|--|-------------|---------|---------------------|--|--|-------------|-------|-----------------------------|--|------------|--------------|---|------------------|---------|--------|--------|-----------------------|--|--|--|--|--|---|
| 5(c) | <p style="text-align: center;">JW Limited Statement of Changes in Equity for the year ended 30 April 2017</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Details</th> <th style="text-align: center;">Share capital \$</th> <th style="text-align: center;">General reserve \$</th> <th style="text-align: center;">Retained earnings \$</th> <th style="text-align: center;">Total \$</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">On 1 May 2016</td> <td style="text-align: center;">100 000</td> <td style="text-align: center;">50 000 (1)</td> <td style="text-align: center;">23 700 (1of)</td> <td style="text-align: center;">173 700 (1) OF</td> </tr> <tr> <td style="text-align: center;">Interim dividend paid</td> <td></td> <td></td> <td style="text-align: center;">(6 000) (1)</td> <td style="text-align: center;">(6 000)</td> </tr> <tr> <td style="text-align: center;">Profit for the year</td> <td></td> <td></td> <td style="text-align: center;">7 000 (1of)</td> <td style="text-align: center;">7 000</td> </tr> <tr> <td style="text-align: center;">Transfer to general reserve</td> <td></td> <td style="text-align: center;">10 000 (1)</td> <td style="text-align: center;">(10 000) (1)</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">On 30 April 2017</td> <td style="text-align: center;">100 000</td> <td style="text-align: center;">60 000</td> <td style="text-align: center;">14 700</td> <td style="text-align: center;">174 700 (1) OF row</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Details | Share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | On 1 May 2016 | 100 000 | 50 000 (1) | 23 700 (1of) | 173 700 (1) OF | Interim dividend paid | | | (6 000) (1) | (6 000) | Profit for the year | | | 7 000 (1of) | 7 000 | Transfer to general reserve | | 10 000 (1) | (10 000) (1) | 0 | On 30 April 2017 | 100 000 | 60 000 | 14 700 | 174 700 (1) OF row | | | | | | 8 |
| Details | Share capital \$ | General reserve \$ | Retained earnings \$ | Total \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 1 May 2016 | 100 000 | 50 000 (1) | 23 700 (1of) | 173 700 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interim dividend paid | | | (6 000) (1) | (6 000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | 7 000 (1of) | 7 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to general reserve | | 10 000 (1) | (10 000) (1) | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 30 April 2017 | 100 000 | 60 000 | 14 700 | 174 700 (1) OF row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(d) | $\frac{7\,000\text{ (1 OF)}}{174\,700\text{ (1 OF)}+30\,000\text{ (1)}} \times 100 = 3.42\% \text{ (1) OF}$ <p style="text-align: center;">OR</p> $\frac{(7\,000+3\,000)\text{ (1 OF)}}{174\,700\text{ (1 OF)}+30\,000\text{ (1)}} \times 100 = 4.89\% \text{ (1) OF}$ | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5(e) | <p>mark up applied to goods for resale is lower poorer control of expenses profit is lower higher interest payable poorer utilisation of resources capital used less efficiently capital employed is higher any two for (1) mark</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|--|-------|
| 5(f) | increase sale (1) reduce cost of sales/find cheaper supplier (1) reduce expenses (1) reduce interest payments (1) reduce capital employed (1) reduce loans and debentures (1) any three for (1) mark | 3 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|---|----------------|----|--------------------------------|------------|-----------|-----------|--------------------------|-----------|---------------------|-----------------------|--------------------------|-----------|-------------|--|--|--|---------|--|------|----------------|-----|------|--------------|--------|----------------------------|--|--|---|
| 6(a) | Subscriptions paid in advance at the year-end (1) | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(b) | <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">current assets</th> </tr> </thead> <tbody> <tr> <td style="width: 60%;">cash and cash equivalents/bank</td> <td style="text-align: right;">\$6120 (1)</td> </tr> <tr> <td>inventory</td> <td style="text-align: right;">\$710 (1)</td> </tr> <tr> <td>subscriptions in arrears</td> <td style="text-align: right;">\$980 (1)</td> </tr> <tr> <th colspan="2" style="text-align: center;">current liabilities</th> </tr> <tr> <td>subscriptions in advance</td> <td style="text-align: right;">\$395 (1)</td> </tr> </tbody> </table> | current assets | | cash and cash equivalents/bank | \$6120 (1) | inventory | \$710 (1) | subscriptions in arrears | \$980 (1) | current liabilities | | subscriptions in advance | \$395 (1) | 4 | | | | | | | | | | | | | | | |
| current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| cash and cash equivalents/bank | \$6120 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| inventory | \$710 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| subscriptions in arrears | \$980 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| current liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| subscriptions in advance | \$395 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(c) | <table style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">13 610</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">(15 240)</td> <td style="text-align: right;">} (1)</td> </tr> <tr> <td>Increase in inventory</td> <td style="text-align: right;"><u>270</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(710 – 440)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">(1 360)</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;"><u>(1 200)</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Loss</td> <td style="text-align: right;"><u>2 560</u></td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td colspan="3" style="text-align: center;">accept alternative formats</td> </tr> </tbody> </table> | | \$ | | Sales | 13 610 | } | Purchases | (15 240) | } (1) | Increase in inventory | <u>270</u> | (1) | (710 – 440) | | | | (1 360) | | Rent | <u>(1 200)</u> | (1) | Loss | <u>2 560</u> | (1) OF | accept alternative formats | | | 4 |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 13 610 | } | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | (15 240) | } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase in inventory | <u>270</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (710 – 440) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (1 360) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent | <u>(1 200)</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss | <u>2 560</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| accept alternative formats | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|--|---------------------|----|----|--------|--|--|---------------|--|------------|------------------|--|--|-----------|--------------|--|------|------------|--|---------------|------------|--|-----------|---------|--|--------------------------|--------------------|---------------|---------|--|---------------------|----------|
| 6(d) | <p style="text-align: center;">The Hi-Jump Income and Expenditure Account for the year ended 31 December 2016</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td></td> <td></td> </tr> <tr> <td>Subscriptions</td> <td></td> <td style="text-align: right;">52 905 (1)</td> </tr> <tr> <td>Less expenditure</td> <td></td> <td></td> </tr> <tr> <td>Shop loss</td> <td style="text-align: right;">2 560 (1) OF</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">10 800 (1)</td> <td></td> </tr> <tr> <td>Club expenses</td> <td style="text-align: right;">34 200 (1)</td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">250 (1)</td> <td></td> </tr> <tr> <td>Depreciation - equipment</td> <td style="text-align: right;"><u>2 300</u> (3) *</td> <td style="text-align: right;"><u>50 110</u></td> </tr> <tr> <td>Surplus</td> <td></td> <td style="text-align: right;"><u>2 795</u> (1) OF</td> </tr> </tbody> </table> <p>* 17 100 (1)+5 100 (1)–19 900 (1) =2 300</p> | | \$ | \$ | Income | | | Subscriptions | | 52 905 (1) | Less expenditure | | | Shop loss | 2 560 (1) OF | | Rent | 10 800 (1) | | Club expenses | 34 200 (1) | | Bad debts | 250 (1) | | Depreciation - equipment | <u>2 300</u> (3) * | <u>50 110</u> | Surplus | | <u>2 795</u> (1) OF | 9 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subscriptions | | 52 905 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less expenditure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shop loss | 2 560 (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent | 10 800 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Club expenses | 34 200 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debts | 250 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - equipment | <u>2 300</u> (3) * | <u>50 110</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surplus | | <u>2 795</u> (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(e) | <p>to provide a service to members because the club can still make a surplus because the loss is small in relation to subscriptions because it encourages members to join this club rather than another one because the rent would still be payable even if the shop closed any two reasons for (1) mark each</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6(f) | <p>the surplus would not change (1) plus development the shop's loss would decrease (1) OR rent in the income and expenditure account would increase (1) [maximum 2]</p> | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |