



# **Cambridge IGCSE®**

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**ACCOUNTING**

**0452/02**

Paper 2 Structured Written Paper

**For examination from 2020**

**MARK SCHEME**

Maximum Mark: 100

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**Specimen**

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

**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 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)                   | <p>Shahid<br/>Cash Book</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Details</th> <th>Discount allowed \$</th> <th>Cash \$</th> <th>Bank \$</th> <th>Date</th> <th>Details</th> <th>Discount received \$</th> <th>Cash \$</th> <th>Bank \$</th> </tr> </thead> <tbody> <tr> <td>2017 Aug 1</td> <td>Balance b/d</td> <td></td> <td></td> <td></td> <td>2017 Aug 9</td> <td>Balance b/d<br/>EN Supplies<br/>(dis cheque) (1)</td> <td></td> <td></td> <td>7150</td> </tr> <tr> <td>24</td> <td>Mariam (1)</td> <td>13</td> <td>3224</td> <td>507</td> <td>18</td> <td>Drawings (1)</td> <td></td> <td></td> <td>362</td> </tr> <tr> <td>30</td> <td>Sales (1)</td> <td></td> <td></td> <td></td> <td>27</td> <td>Office equipment (1)</td> <td></td> <td></td> <td>54</td> </tr> <tr> <td>31</td> <td>Cash c (1)OF<br/>Balance c/d</td> <td></td> <td></td> <td></td> <td></td> <td>Office equipment repairs (1)</td> <td></td> <td></td> <td>365</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Bank c (1)</td> <td></td> <td></td> <td>35</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>31</td> <td></td> <td></td> <td></td> <td>3174</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>100</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>2017 Sept 1</td> <td>Balance b/d</td> <td></td> <td></td> <td>3274</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>7966</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>4285</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>(1)OF</td> </tr> <tr> <td></td> <td>+ (1) dates</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Date   | Details  | Discount allowed \$ | Cash \$                | Bank \$  | Date   | Details | Discount received \$ | Cash \$ | Bank \$ | 2017 Aug 1 | Balance b/d |  |  |  | 2017 Aug 9 | Balance b/d<br>EN Supplies<br>(dis cheque) (1) |  |  | 7150 | 24 | Mariam (1) | 13 | 3224 | 507 | 18 | Drawings (1) |  |  | 362 | 30 | Sales (1) |  |  |  | 27 | Office equipment (1) |  |  | 54 | 31 | Cash c (1)OF<br>Balance c/d |  |  |  |  | Office equipment repairs (1) |  |  | 365 |  |  |  |  |  |  | Bank c (1) |  |  | 35 |  |  |  |  |  |  | Balance c/d |  |  |  |  |  |  |  |  | 31 |  |  |  | 3174 |  |  |  |  |  |  |  |  |  | 100 |  |  |  |  |  | 2017 Sept 1 | Balance b/d |  |  | 3274 |  |  |  |  |  |  |  |  |  | 7966 |  |  |  |  |  |  |  |  |  | 4285 |  |  |  |  |  |  |  |  |  | (1)OF |  | + (1) dates |  |  |  |  |  |  |  |  | 11 |
| Date                   | Details   | Discount allowed \$                            | Cash \$  | Bank \$             | Date                   | Details  | Discount received \$                           | Cash \$ | Bank \$              |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| 2017 Aug 1             | Balance b/d   |  |          |                     | 2017 Aug 9             | Balance b/d<br>EN Supplies<br>(dis cheque) (1) |  |         | 7150                 |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| 24                     | Mariam (1)  | 13   | 3224     | 507                 | 18                     | Drawings (1)                                   |  |         | 362                  |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| 30                     | Sales (1)   |  |          |                     | 27                     | Office equipment (1)                           |  |         | 54                   |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| 31                     | Cash c (1)OF<br>Balance c/d   |  |          |                     |                        | Office equipment repairs (1)                   |  |         | 365                  |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        | Bank c (1)                                     |  |         | 35                   |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        | Balance c/d                                    |  |         |                      |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     | 31                     |  |  |         | 3174                 |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        |  |  |         | 100                  |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     | 2017 Sept 1            | Balance b/d                                    |  |         | 3274                 |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        |  |  |         | 7966                 |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        |  |  |         | 4285                 |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        |   |  |          |                     |                        |  |  |         | (1)OF                |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
|                        | + (1) dates   |  |          |                     |                        |  |  |         |                      |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| 1(b)                   | <table border="1"> <thead> <tr> <th>Transaction</th> <th>Document</th> <th>Book of prime entry</th> </tr> </thead> <tbody> <tr> <td>August 9 Goods Returns</td> <td>Sales invoice (1)<br/>Credit note issued (1)</td> <td>Sales journal (1)<br/>Sales returns journal (1)</td> </tr> </tbody> </table>  | Transaction                                    | Document | Book of prime entry | August 9 Goods Returns | Sales invoice (1)<br>Credit note issued (1)    | Sales journal (1)<br>Sales returns journal (1) | 4       |                      |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| Transaction            | Document  | Book of prime entry                            |          |                     |                        |  |  |         |                      |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |
| August 9 Goods Returns | Sales invoice (1)<br>Credit note issued (1)   | Sales journal (1)<br>Sales returns journal (1) |          |                     |                        |  |  |         |                      |         |         |            |             |  |  |  |            |  |  |  |      |    |            |    |      |     |    |              |  |  |     |    |           |  |  |  |    |                      |  |  |    |    |                             |  |  |  |  |                              |  |  |     |  |  |  |  |  |  |            |  |  |    |  |  |  |  |  |  |             |  |  |  |  |  |  |  |  |    |  |  |  |      |  |  |  |  |  |  |  |  |  |     |  |  |  |  |  |             |             |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |      |  |  |  |  |  |  |  |  |  |       |  |             |  |  |  |  |  |  |  |  |    |

| Question | Answer  | Marks      |      |         |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|----------|---|------------|------|---------|-------------|-------------------------------|---------|--|--|------|--|----|------|--|----|--------|-------------------|--------|--|-------|-------------|------------|----|------|---------|--|--|-----------|------------------|--|----------|--------|--|--|--|--------|----|-------------|-----|--|--|--|-------------------|--|--|------------|--|--|--|------------|--|--|--|--|------|--|--|--|--|--|--|--------|-------------|------------|---|--|--|--|--|--|----------------------|--|--|--|--|--|--|-----------|--|--|--|--|--|--|----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|-------------------------------|--|--|--|--|--|--|--------------------|----|
| 1(c)     | <p style="text-align: center;">Mariam<br/>Shahid account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">Date</th> <th style="width: 30%; text-align: center;">Details</th> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">Date</th> <th style="width: 30%; text-align: center;">Details</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td></td><td style="text-align: center;">2017</td><td></td><td style="text-align: center;">\$</td><td style="text-align: center;">2017</td><td></td><td style="text-align: center;">\$</td></tr> <tr> <td>Aug 13</td><td style="text-align: center;">Purchases returns</td><td style="text-align: center;">24 (1)</td><td></td><td style="text-align: center;">Aug 9</td><td style="text-align: center;">Balance b/d</td><td style="text-align: center;">520</td></tr> <tr> <td>24</td><td style="text-align: center;">Bank</td><td style="text-align: center;">507 (1)</td><td></td><td></td><td style="text-align: center;">Purchases</td><td style="text-align: center;">340 (1)</td></tr> <tr> <td></td><td style="text-align: center;">Discount</td><td style="text-align: center;">13 (1)</td><td></td><td></td><td></td><td></td></tr> <tr> <td>31</td><td style="text-align: center;">Balance c/d</td><td style="text-align: center;">316</td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td style="text-align: center;"><u>860</u></td><td></td><td></td><td></td><td style="text-align: center;"><u>860</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td style="text-align: center;">2017</td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td style="text-align: center;">Sept 1</td><td style="text-align: center;">Balance b/d</td><td style="text-align: center;">316 (1)OF</td></tr> </tbody> </table>   |            | Date | Details |             | Date                          | Details |  |  | 2017 |  | \$ | 2017 |  | \$ | Aug 13 | Purchases returns | 24 (1) |  | Aug 9 | Balance b/d | 520        | 24 | Bank | 507 (1) |  |  | Purchases | 340 (1)          |  | Discount | 13 (1) |  |  |  |        | 31 | Balance c/d | 316 |  |  |  |                   |  |  | <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 9   | Balance b/d | 520                           |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
| 24       | Bank  | 507 (1)    |      |         | Purchases   | 340 (1)                       |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          | Discount  | 13 (1)     |      |         |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
| 31       | Balance c/d   | 316        |      |         |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   | <u>860</u> |      |         |             | <u>860</u>                    |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      | 2017    |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      | Sept 1  | Balance b/d | 316 (1)OF                     |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
| 2(a)     | <p style="text-align: center;">Yasmin<br/>Manufacturing Account for the year ended 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">Date</th> <th style="width: 30%; text-align: center;">Details</th> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">Date</th> <th style="width: 30%; text-align: center;">Details</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td></td><td style="text-align: center;"></td><td></td><td style="text-align: center;">\$</td><td style="text-align: center;"></td><td></td><td style="text-align: center;">\$</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">30 100 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;"><u>3 150 (1)</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">26 950</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;"><u>32 300 (1)</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">59 250 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">26 770 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;"><u>86 020 (1) OF</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">2 820 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;"><u>83 200 (1) OF</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">Less Closing work in progress</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: center;">Cost of production</td></tr> </tbody> </table> |            | Date | Details |             | Date                          | Details |  |  |      |  | \$ |      |  | \$ |        |                   |        |  |       |             | 30 100 (1) |    |      |         |  |  |           | <u>3 150 (1)</u> |  |          |        |  |  |  | 26 950 |    |             |     |  |  |  | <u>32 300 (1)</u> |  |  |            |  |  |  | 59 250 (1) |  |  |  |  |      |  |  |  |  |  |  |        |             | 26 770 (1) |   |  |  |  |  |  | <u>86 020 (1) OF</u> |  |  |  |  |  |  | 2 820 (1) |  |  |  |  |  |  | <u>83 200 (1) OF</u> |  |  |  |  |  |  |  |  |  |  |  |  |  | Less Closing work in progress |  |  |  |  |  |  | Cost of production | 10 |
|          | Date  | Details    |      | Date    | Details     |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            | \$   |         |             | \$                            |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | 30 100 (1)                    |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | <u>3 150 (1)</u>              |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | 26 950                        |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | <u>32 300 (1)</u>             |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | 59 250 (1)                    |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | 26 770 (1)                    |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | <u>86 020 (1) OF</u>          |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | 2 820 (1)                     |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | <u>83 200 (1) OF</u>          |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             |                               |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | Less Closing work in progress |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |
|          |   |            |      |         |             | Cost of production            |         |  |  |      |  |    |      |  |    |        |                   |        |  |       |             |            |    |      |         |  |  |           |                  |  |          |        |  |  |  |        |    |             |     |  |  |  |                   |  |  |            |  |  |  |            |  |  |  |  |      |  |  |  |  |  |  |        |             |            |   |  |  |  |  |  |                      |  |  |  |  |  |  |           |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |                               |  |  |  |  |  |  |                    |    |

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

| Question | Answer  | Marks                |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
|----------|---|----------------------|------|---------|--|-----------------------------------|---------|----|------|--|--|--|------|--|--|--------|-------------------------|----------|--|-------|---------------------|---------|--------|---------------------------|----------------------|--|--------|--|----------------------|------|--|--|--|--|-------------------------------------|-----------------------------------|-------|-------------|-----------|--|--|--|--|-------|-----------------------------------|------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---|
| 3(a)     | <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</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<br/>insurance</td> <td>2560 (1)<br/>2400 (1)</td> <td></td> <td>Dec 31</td> <td>Income statement<br/>rates<br/>insurance</td> <td>1920 (1)<br/>2300 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d –<br/>rates<br/>insurance</td> <td>4220<br/>160<br/>800<br/><u>5660</u></td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d<br/>rates<br/>insurance</td> <td>160<br/>800</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></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<br>insurance | 2560 (1)<br>2400 (1) |  | Dec 31 | Income statement<br>rates<br>insurance | 1920 (1)<br>2300 (1) |      |  |  |  |  | Balance c/d –<br>rates<br>insurance | 4220<br>160<br>800<br><u>5660</u> | 2017  |             |           |  |  |  |  | Jan 1 | Balance b/d<br>rates<br>insurance | 160<br>800 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 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<br>insurance   | 2560 (1)<br>2400 (1) |      | Dec 31  | Income statement<br>rates<br>insurance | 1920 (1)<br>2300 (1)              |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
|          |   |                      |      |         | Balance c/d –<br>rates<br>insurance    | 4220<br>160<br>800<br><u>5660</u> |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 2017     |   |                      |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| Jan 1    | Balance b/d<br>rates<br>insurance   | 160<br>800           |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
|          |   |                      |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
|          |   |                      |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 3(b)     | <p>Section of statement of financial position: Current assets (1)<br/>Reason: Both the rates and insurance are prepaid at the end of the year (1)</p>   | 2                    |      |         |  |                                   |         |    |      |  |  |  |      |  |  |        |                         |          |  |       |                     |         |        |                           |                      |  |        |  |                      |      |  |  |  |  |                                     |                                   |       |             |           |  |  |  |  |       |                                   |            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 3(c)     | <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</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>400<br/><u>1200</u></td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td>400 (1)OF</td> <td></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                            | 400<br><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                            | 400<br><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)<br>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)<br>Payments would be made automatically avoiding the need for Amla to take action. (1) | 3     |

| Question | Answer  | Marks   |         |                   |               |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|----------|---|---------|---------|-------------------|---------------|---------|----|------|-----------------------------|---------|------|-----------|--------|--------|-------------|-----|--------|------------|-----|--|--|--|--|------------------|---------|--|--|--|--|-------------------|---------|--|--|--|--|------------|---------|--|--|--|--|--|---------------|--|--|--|--|--|------------|--|--|--|--|--|------------|--|--|--|--|--|------|--|--|--|--|--|-------|--|--|--|--|--|-------------|--|--|--|--|--|-----------|---|
| 4(a)     | <table border="1"> <thead> <tr> <th data-bbox="809 572 833 601">Date</th><th data-bbox="809 601 833 631">Details</th><th data-bbox="809 631 833 660">\$</th><th data-bbox="809 660 833 689">Date</th><th data-bbox="809 689 833 718">Details</th><th data-bbox="809 718 833 747">\$</th></tr> </thead> <tbody> <tr> <td data-bbox="809 768 833 797">2017</td><td data-bbox="809 797 833 826">Difference on trial balance</td><td data-bbox="809 826 833 855">495 (1)</td><td data-bbox="809 855 833 884">2017</td><td data-bbox="809 884 833 914">Purchases</td><td data-bbox="809 914 833 943">18 (1)</td></tr> <tr> <td data-bbox="809 884 833 914">Mar 31</td><td data-bbox="809 914 833 943">Balance c/d</td><td data-bbox="809 943 833 972">190</td><td data-bbox="809 972 833 1001">Mar 31</td><td data-bbox="809 1001 833 1030">Petty cash</td><td data-bbox="809 1030 833 1060">(1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td data-bbox="809 1060 833 1089">Discount allowed</td><td data-bbox="809 1089 833 1118">100 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td data-bbox="809 1118 833 1147">Discount received</td><td data-bbox="809 1147 833 1176">250 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td data-bbox="809 1176 833 1206">Stationery</td><td data-bbox="809 1206 833 1235">250 (1)</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1235 833 1264"><u>67 (1)</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1264 833 1293"><u>685</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1293 833 1322"><u>685</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1322 833 1352">2017</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1352 833 1381">Apr 1</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1381 833 1410">Balance b/d</td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="809 1410 833 1439">190 (1)OF</td></tr> </tbody> </table> | Date    | Details | \$                | Date          | Details | \$ | 2017 | Difference on trial balance | 495 (1) | 2017 | Purchases | 18 (1) | Mar 31 | Balance c/d | 190 | Mar 31 | Petty cash | (1) |  |  |  |  | Discount allowed | 100 (1) |  |  |  |  | Discount received | 250 (1) |  |  |  |  | Stationery | 250 (1) |  |  |  |  |  | <u>67 (1)</u> |  |  |  |  |  | <u>685</u> |  |  |  |  |  | <u>685</u> |  |  |  |  |  | 2017 |  |  |  |  |  | Apr 1 |  |  |  |  |  | Balance b/d |  |  |  |  |  | 190 (1)OF | 7 |
| Date     | Details   | \$      | Date    | Details           | \$            |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
| 2017     | Difference on trial balance   | 495 (1) | 2017    | Purchases         | 18 (1)        |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
| Mar 31   | Balance c/d   | 190     | Mar 31  | Petty cash        | (1)           |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         | Discount allowed  | 100 (1)       |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         | Discount received | 250 (1)       |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         | Stationery        | 250 (1)       |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | <u>67 (1)</u> |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | <u>685</u>    |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | <u>685</u>    |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | 2017          |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | Apr 1         |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | Balance b/d   |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |
|          |   |         |         |                   | 190 (1)OF     |         |    |      |                             |         |      |           |        |        |             |     |        |            |     |  |  |  |  |                  |         |  |  |  |  |                   |         |  |  |  |  |            |         |  |  |  |  |  |               |  |  |  |  |  |            |  |  |  |  |  |            |  |  |  |  |  |      |  |  |  |  |  |       |  |  |  |  |  |             |  |  |  |  |  |           |   |

| Question   | Answer  |                                 |   | Marks     |
|--|---|---------------------------------|---|-----------|
| 4(b)   | Error number  | Details                         | Debit \$                                | Credit \$ |
| 2  | DDE Limited<br>DEC Limited<br>Correction of error – DDE Limited wrongly credited                |                                 | 150                                     | 150       |
| 4  | Motor vehicle repairs<br>Motor vehicles<br>Correction of error – motor vehicles wrongly debited |                                 | 283                                     | 283       |
| 5  | Fixtures<br>OS Supplies<br>Correction of error of reversal                                      |                                 | 4000                                    | 4000      |
| <b>Any TWO of the above journal entries (1) debit entry<br/>(1) credit entry<br/>(1) narrative</b> |   |                                 |   | <b>6</b>  |
| 4(c)   | Error of commission (1)   |                                 |   | 1         |
| 4(d)   | error number  | affects the profit for the year | does not affect the profit for the year | 6         |
|  | 1   | ✓                               |   |           |
|  | 2   |                                 | ✓ (1)                                   |           |
|  | 3   |                                 | ✓ (1)                                   |           |
|  | 4   | ✓ (1)                           |   |           |
|  | 5   |                                 | ✓ (1)                                   |           |
|  | 6   |                                 | ✓ (1)                                   |           |
|  | 7   | ✓ (1)                           |   |           |

| Question                    | Answer  | Marks                 |                         |                       |                         |             |                   |       |      |       |                |                     |  |  |       |               |                             |  |       |         |         |                       |  |  |         |                 |                      |       |       |       |                    |   |
|-----------------------------|---|-----------------------|-------------------------|-----------------------|-------------------------|-------------|-------------------|-------|------|-------|----------------|---------------------|--|--|-------|---------------|-----------------------------|--|-------|---------|---------|-----------------------|--|--|---------|-----------------|----------------------|-------|-------|-------|--------------------|---|
| 5(a)                        | <p>K Limited<br/>Statement of Changes in Equity for the year ended 30 September 2017</p> <table border="1"> <thead> <tr> <th>Details</th><th>Share capital<br/>\$</th><th>General reserve<br/>\$</th><th>Retained earnings<br/>\$</th><th>Total<br/>\$</th></tr> </thead> <tbody> <tr> <td>On 1 October 2016</td><td>90000</td><td>4000</td><td>5 500</td><td>99 500 (1) row</td></tr> <tr> <td>Profit for the year</td><td></td><td></td><td>9 000</td><td>9 000 (1) row</td></tr> <tr> <td>Transfer to general reserve</td><td></td><td>2 000</td><td>(2 000)</td><td>(1) row</td></tr> <tr> <td>Interim dividend paid</td><td></td><td></td><td>(4 500)</td><td>(4 500) (1) row</td></tr> <tr> <td>On 30 September 2017</td><td>90000</td><td>6 000</td><td>8 000</td><td>104 000 (1 OF) row</td></tr> </tbody> </table> | Details               | Share capital<br>\$     | General reserve<br>\$ | Retained earnings<br>\$ | Total<br>\$ | On 1 October 2016 | 90000 | 4000 | 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 | 90000 | 6 000 | 8 000 | 104 000 (1 OF) row | 5 |
| Details                     | Share capital<br>\$   | General reserve<br>\$ | Retained earnings<br>\$ | Total<br>\$           |                         |             |                   |       |      |       |                |                     |  |  |       |               |                             |  |       |         |         |                       |  |  |         |                 |                      |       |       |       |                    |   |
| On 1 October 2016           | 90000   | 4000                  | 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        | 90000   | 6 000                 | 8 000                   | 104 000 (1 OF) row    |                         |             |                   |       |      |       |                |                     |  |  |       |               |                             |  |       |         |         |                       |  |  |         |                 |                      |       |       |       |                    |   |
| 5(b)                        | <p>Current ratio <math>(5100 + 8500) : (6100 + 4300 + 1400) = 13600 : 11800 (1)</math><br/> <math>= 1.15 : 1 (1)</math></p> <p>Liquid (acid test) ratio <math>(8500 : (6100 + 4300 + 1400) = 8500 : 11800 (1)</math><br/> <math>= 0.72 : 1 (1)</math></p> <p>Return on capital employed (ROCE) <math>\frac{9000}{(90000 + 6000 + 8000)} \times \frac{100}{1} (1) \times \frac{100}{1}</math><br/> OR <math>\frac{9000}{(102200 + 13600 - 11800)} \times \frac{100}{1} = 8.65\% (1) OF</math></p>  | 6                     |                         |                       |                         |             |                   |       |      |       |                |                     |  |  |       |               |                             |  |       |         |         |                       |  |  |         |                 |                      |       |       |       |                    |   |

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

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