



Cambridge O Level

ACCOUNTING

7707/23

Paper 2 (Structured)

October/November 2020

MARK SCHEME

Maximum Mark: 100

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **14** printed pages.

PUBLISHED**Generic Marking Principles**

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

GENERIC MARKING PRINCIPLE 5:

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

GENERIC MARKING PRINCIPLE 6:

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

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|--------------|--|----------------|--|--|-----|---------------|--|--|-----|---------------------|--|--|-----|-------|--|--|-----|----------|
| 1(a) | <p style="text-align: center;">Sariah Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Details</th> <th style="width: 15%;">Debit \$</th> <th style="width: 15%;">Credit \$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Motor vehicles</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="padding-left: 20px;">Sharpe Motors</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Irrecoverable debts</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="padding-left: 20px;">Ruhee</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table> | Details | Debit \$ | Credit \$ | | Motor vehicles | | | (1) | Sharpe Motors | | | (1) | Irrecoverable debts | | | (1) | Ruhee | | | (1) | 4 |
| Details | Debit \$ | Credit \$ | | | | | | | | | | | | | | | | | | | | |
| Motor vehicles | | | (1) | | | | | | | | | | | | | | | | | | | |
| Sharpe Motors | | | (1) | | | | | | | | | | | | | | | | | | | |
| Irrecoverable debts | | | (1) | | | | | | | | | | | | | | | | | | | |
| Ruhee | | | (1) | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 1(b) | <p style="text-align: center;">Sariah Fixtures and fittings account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>2019</td> <td></td> <td>2020</td> <td></td> <td></td> </tr> <tr> <td>Oct 1 Balance b/d</td> <td style="text-align: right;">28 600</td> <td>Jan 31 Disposal</td> <td style="text-align: right;">1 500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>2020</td> <td></td> <td>Sep 30 Balance c/d</td> <td style="text-align: right;">30 600</td> <td></td> </tr> <tr> <td>Mar 31 Bank</td> <td style="text-align: right;"><u>3 500</u> (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>32 100</u></td> <td></td> <td style="text-align: right;"><u>32 100</u></td> <td></td> </tr> <tr> <td colspan="5"> </td> </tr> <tr> <td>2020</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oct 1 Balance b/d</td> <td style="text-align: right;">30 600</td> <td></td> <td></td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td colspan="5"> </td> </tr> <tr> <td colspan="5" style="text-align: center;">Provision for depreciation of fixtures and fittings account</td> </tr> <tr> <td>2020</td> <td style="text-align: center;">\$</td> <td>2019</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Jan 31 Disposal</td> <td style="text-align: right;">285 (1)</td> <td>Oct 1 Balance b/d</td> <td style="text-align: right;">6 185</td> <td></td> </tr> <tr> <td>Sep 30 Balance c/d</td> <td style="text-align: right;">8 370</td> <td>2020</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Sep 30 Income statement</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>2 470</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>8 655</u></td> <td></td> <td style="text-align: right;"><u>8 655</u></td> <td></td> </tr> <tr> <td colspan="5"> </td> </tr> <tr> <td></td> <td></td> <td>Oct 1 Balance b/d</td> <td style="text-align: right;">8 370</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td colspan="5"> </td> </tr> <tr> <td colspan="5" style="text-align: center;">Disposal account</td> </tr> <tr> <td>2020</td> <td style="text-align: center;">\$</td> <td>2020</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Jan 31 Fixtures and fittings</td> <td style="text-align: right;">1 500 (1)</td> <td>Jan 31 Prov. for Dep.</td> <td style="text-align: right;">285</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td></td> <td></td> <td>Bank</td> <td style="text-align: right;">1 150</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td>Sep 30 Income statement</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>65</u></td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1 500</u></td> <td></td> <td style="text-align: right;"><u>1 500</u></td> <td></td> </tr> </table> | | \$ | | \$ | | 2019 | | 2020 | | | Oct 1 Balance b/d | 28 600 | Jan 31 Disposal | 1 500 | (1) | 2020 | | Sep 30 Balance c/d | 30 600 | | Mar 31 Bank | <u>3 500</u> (1) | | | | | <u>32 100</u> | | <u>32 100</u> | | | | | | | 2020 | | | | | Oct 1 Balance b/d | 30 600 | | | (1) OF | | | | | | Provision for depreciation of fixtures and fittings account | | | | | 2020 | \$ | 2019 | \$ | | Jan 31 Disposal | 285 (1) | Oct 1 Balance b/d | 6 185 | | Sep 30 Balance c/d | 8 370 | 2020 | | | | | Sep 30 Income statement | | | | | | <u>2 470</u> | (1) | | <u>8 655</u> | | <u>8 655</u> | | | | | | | | | Oct 1 Balance b/d | 8 370 | (1) OF | | | | | | Disposal account | | | | | 2020 | \$ | 2020 | \$ | | Jan 31 Fixtures and fittings | 1 500 (1) | Jan 31 Prov. for Dep. | 285 | (1) OF | | | Bank | 1 150 | (1) | | | Sep 30 Income statement | | | | | | <u>65</u> | (1) OF | | <u>1 500</u> | | <u>1 500</u> | | <p style="text-align: center;">11</p> |
| | \$ | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | | 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oct 1 Balance b/d | 28 600 | Jan 31 Disposal | 1 500 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | | Sep 30 Balance c/d | 30 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 31 Bank | <u>3 500</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>32 100</u> | | <u>32 100</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oct 1 Balance b/d | 30 600 | | | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Provision for depreciation of fixtures and fittings account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | \$ | 2019 | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 31 Disposal | 285 (1) | Oct 1 Balance b/d | 6 185 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sep 30 Balance c/d | 8 370 | 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Sep 30 Income statement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>2 470</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>8 655</u> | | <u>8 655</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | Oct 1 Balance b/d | 8 370 | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Disposal account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | \$ | 2020 | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 31 Fixtures and fittings | 1 500 (1) | Jan 31 Prov. for Dep. | 285 | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Bank | 1 150 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Sep 30 Income statement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>65</u> | (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>1 500</u> | | <u>1 500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | + (1) Dates | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1(c) | <p>Advantages Emy may introduce additional capital (1) Emy may bring additional specialist skills to the business (1) Sariah may benefit from Emy's contacts from her business (1) The partners will be able to share the workload/responsibilities/risks (1) Accept other valid responses Max (2)</p> <p>Disadvantages Sariah will have to share profits with Emy (1) Decision making may take longer (1) Disagreements between the partners may occur (1) Accept other valid responses Max (2)</p> <p>Recommendation (1)</p> | 5 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|--|-------------------------|---------|--|----------------------|-------|-----|--------------------|-------|-----|--------------|------|-----|---------------------------------|----------------|-------|---|
| 2(a) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Balance at 31 July 2020</td> <td style="text-align: right;">(3 420)</td> <td></td> </tr> <tr> <td>Direct debit payment</td> <td style="text-align: right;">(350)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Dishonoured cheque</td> <td style="text-align: right;">(665)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank charges</td> <td style="text-align: right;">(45)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Revised balance at 31 July 2020</td> <td style="text-align: right;"><u>(4 480)</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>Accept alternative forms of presentation</p> | | \$ | | Balance at 31 July 2020 | (3 420) | | Direct debit payment | (350) | (1) | Dishonoured cheque | (665) | (1) | Bank charges | (45) | (1) | Revised balance at 31 July 2020 | <u>(4 480)</u> | (1)OF | 4 |
| | \$ | | | | | | | | | | | | | | | | | | | |
| Balance at 31 July 2020 | (3 420) | | | | | | | | | | | | | | | | | | | |
| Direct debit payment | (350) | (1) | | | | | | | | | | | | | | | | | | |
| Dishonoured cheque | (665) | (1) | | | | | | | | | | | | | | | | | | |
| Bank charges | (45) | (1) | | | | | | | | | | | | | | | | | | |
| Revised balance at 31 July 2020 | <u>(4 480)</u> | (1)OF | | | | | | | | | | | | | | | | | | |

PUBLISHED

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2(b) | <p style="text-align: center;">Eniola Bank Reconciliation Statement at 31 July 2020</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Balance in cash book</td> <td style="text-align: right;">(4 480)</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Cheques not yet presented</td> <td style="text-align: right;"><u>1 290</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">(3 190)</td> <td></td> </tr> <tr> <td>Amounts not yet credited</td> <td style="text-align: right;"><u>(410)</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance on bank statement</td> <td style="text-align: right;"><u>(3 600)</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td colspan="3"> Alternative presentation</td> </tr> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Balance on bank statement</td> <td style="text-align: right;">(3 600)</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Amounts not yet credited</td> <td style="text-align: right;"><u>410</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">(3 190)</td> <td></td> </tr> <tr> <td>Cheques not yet presented</td> <td style="text-align: right;"><u>(1 290)</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance in cash book</td> <td style="text-align: right;"><u>(4 480)</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> | | \$ | | Balance in cash book | (4 480) | (1)OF | Cheques not yet presented | <u>1 290</u> | (1) | | (3 190) | | Amounts not yet credited | <u>(410)</u> | (1) | Balance on bank statement | <u>(3 600)</u> | (1)OF | Alternative presentation | | | | \$ | | Balance on bank statement | (3 600) | (1)OF | Amounts not yet credited | <u>410</u> | (1) | | (3 190) | | Cheques not yet presented | <u>(1 290)</u> | (1) | Balance in cash book | <u>(4 480)</u> | (1)OF | 4 |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance in cash book | (4 480) | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheques not yet presented | <u>1 290</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (3 190) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts not yet credited | <u>(410)</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance on bank statement | <u>(3 600)</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alternative presentation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance on bank statement | (3 600) | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amounts not yet credited | <u>410</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (3 190) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cheques not yet presented | <u>(1 290)</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance in cash book | <u>(4 480)</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2(c)(i) | Do not have to pay the purchase price of these assets (1) Will pay a monthly/yearly hire charge which spreads the outlay (1) Will possibly have to pay more than the actual cost if hire for a long time (1) Will never own these assets (1) Possibly will not have any repair costs (1) There will be no depreciation charge (1) Accept other valid responses Max 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(c)(ii) | Money will be retained in the business for longer (1) Money is available for other purposes (1) May not be able to obtain cash discount (1) May be charged interest on an overdue balance (1) May damage relationship with suppliers (1) Accept other valid responses Max 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(d) | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Eniola</th> </tr> <tr> <th colspan="4" style="text-align: center;">Rent and rates account</th> </tr> </thead> <tbody> <tr> <td style="width: 25%;"></td> <td style="width: 15%; text-align: right;">2019</td> <td style="width: 15%; text-align: right;">\$</td> <td style="width: 45%;"></td> </tr> <tr> <td></td> <td style="text-align: right;"><i>Aug 1 Balance (rates) b/d</i></td> <td style="text-align: right;">260</td> <td style="text-align: right;"><i>2019 Aug 1 Balance (rent) b/d</i></td> </tr> <tr> <td></td> <td style="text-align: right;">Bank</td> <td style="text-align: right;">3 150 }</td> <td style="text-align: right;">900</td> </tr> <tr> <td></td> <td style="text-align: right;">Oct 1 Bank</td> <td style="text-align: right;">1 860 }</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">2020</td> <td style="text-align: right;">} (1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Mar 1 Bank</td> <td style="text-align: right;">2 700 }</td> <td style="text-align: right;"><i>Jul 31 Income statement</i></td> </tr> <tr> <td></td> <td style="text-align: right;">Jul 31 Balance</td> <td style="text-align: right;">c/d <u>450</u></td> <td style="text-align: right;">Rent 5400</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>8 420</u></td> <td style="text-align: right;">Rates <u>1810</u> (1)OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">7 210 (1)OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">Balance c/d <u>310</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>8 420</u></td> </tr> <tr> <td></td> <td style="text-align: right;">2020</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Aug 1 Balance (rates) b/d</td> <td style="text-align: right;">310 (1)</td> <td style="text-align: right;">2020 Aug 1 Balance (rent) b/d</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">450 (1)</td> </tr> </tbody> </table> <p>+ (1) dates</p> | Eniola | | | | Rent and rates account | | | | | 2019 | \$ | | | <i>Aug 1 Balance (rates) b/d</i> | 260 | <i>2019 Aug 1 Balance (rent) b/d</i> | | Bank | 3 150 } | 900 | | Oct 1 Bank | 1 860 } | | | 2020 | } (1) | | | Mar 1 Bank | 2 700 } | <i>Jul 31 Income statement</i> | | Jul 31 Balance | c/d <u>450</u> | Rent 5400 | | | <u>8 420</u> | Rates <u>1810</u> (1)OF | | | | 7 210 (1)OF | | | | Balance c/d <u>310</u> | | | | <u>8 420</u> | | 2020 | | | | Aug 1 Balance (rates) b/d | 310 (1) | 2020 Aug 1 Balance (rent) b/d | | | | 450 (1) | 6 |
| Eniola | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent and rates account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2019 | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>Aug 1 Balance (rates) b/d</i> | 260 | <i>2019 Aug 1 Balance (rent) b/d</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Bank | 3 150 } | 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Oct 1 Bank | 1 860 } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020 | } (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Mar 1 Bank | 2 700 } | <i>Jul 31 Income statement</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Jul 31 Balance | c/d <u>450</u> | Rent 5400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>8 420</u> | Rates <u>1810</u> (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 7 210 (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Balance c/d <u>310</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>8 420</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Aug 1 Balance (rates) b/d | 310 (1) | 2020 Aug 1 Balance (rent) b/d | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 450 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2(e) | Rent: Current liabilities (1) or OF from (d) Rates: Current assets (1) or OF from (d) | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 2(f)(i) | Matching or prudence (1) | 1 |
| 2(f)(ii) | Matching – the expense for the year is matched to the revenue for the year (1) OR Prudence – ensures that the profit for the year is not overstated (1) | 1 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 3(a) | <p style="text-align: center;">Haziq Income Statement for the year ended 31 July 2020</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">166 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">8 400</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases (96 220 (1) – 6 280 (1) + 7 460 (1))</td> <td style="text-align: right;"><u>97 400</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">105 800</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Less Closing inventory</td> <td style="text-align: right;"><u>6 200</u></td> <td style="text-align: right;">(1)OF</td> <td style="text-align: right;"><u>99 600</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">66 400</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Less expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent (2 640 (1) + 240 (1))</td> <td style="text-align: right;">2 880</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wages (41 400 (1) + 610 (1))</td> <td style="text-align: right;">42 010</td> <td></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">10 890</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Depreciation of non-current assets (35 580 – 32 450)</td> <td style="text-align: right;"><u>3 130</u></td> <td style="text-align: right;">(1)</td> <td style="text-align: right;"><u>58 910</u></td> <td></td> </tr> <tr> <td>Profit from operations</td> <td></td> <td></td> <td style="text-align: right;">7 490</td> <td></td> </tr> <tr> <td>Less Loan interest</td> <td></td> <td></td> <td style="text-align: right;"><u>300</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;"><u>7 190</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> | | \$ | \$ | | | Revenue | | 166 000 | | (1) | Cost of sales | | | | | Opening inventory | 8 400 | | | | Purchases (96 220 (1) – 6 280 (1) + 7 460 (1)) | <u>97 400</u> | | | | | 105 800 | | | | Less Closing inventory | <u>6 200</u> | (1)OF | <u>99 600</u> | (1)OF | Gross profit | | | 66 400 | (1) | Less expenses | | | | | Rent (2 640 (1) + 240 (1)) | 2 880 | | | | Wages (41 400 (1) + 610 (1)) | 42 010 | | | | General expenses | 10 890 | (1) | | | Depreciation of non-current assets (35 580 – 32 450) | <u>3 130</u> | (1) | <u>58 910</u> | | Profit from operations | | | 7 490 | | Less Loan interest | | | <u>300</u> | (1) | Profit for the year | | | <u>7 190</u> | (1)OF | 15 |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | | 166 000 | | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening inventory | 8 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases (96 220 (1) – 6 280 (1) + 7 460 (1)) | <u>97 400</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 105 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Closing inventory | <u>6 200</u> | (1)OF | <u>99 600</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | | 66 400 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent (2 640 (1) + 240 (1)) | 2 880 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages (41 400 (1) + 610 (1)) | 42 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General expenses | 10 890 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation of non-current assets (35 580 – 32 450) | <u>3 130</u> | (1) | <u>58 910</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit from operations | | | 7 490 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Loan interest | | | <u>300</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | <u>7 190</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

PUBLISHED

| Question | Answer | Marks |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3(b) | <p>Advantages Enables easier production of financial statements (1) Enables greater accuracy of the financial records (1) Provides checks and balances to minimise possibility of fraud (1) Facilitates easier decision making/easier for reference/easier comparisons/better understanding of finances (1) Accept other valid responses Max (2)</p> <p>Disadvantages May be complex and harder to understand for the non-accountant (1) Time consuming (1) May be costly to set-up (1) Not all errors will be identified (1) Accept other valid responses Max (2)</p> <p>Recommendation (1)</p> | 5 |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 4(a) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Inventory at 30 September 2020</td> <td style="text-align: right;">26 300</td> <td></td> </tr> <tr> <td>Original cost of damaged goods</td> <td style="text-align: right;">(5 200) }</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Net realisable value of damaged goods</td> <td style="text-align: right;"><u>4 400</u> }</td> <td></td> </tr> <tr> <td>Revised value of inventory</td> <td style="text-align: right;"><u>25 500</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>Accept alternative forms of presentation</p> | | \$ | | Inventory at 30 September 2020 | 26 300 | | Original cost of damaged goods | (5 200) } | (1) | Net realisable value of damaged goods | <u>4 400</u> } | | Revised value of inventory | <u>25 500</u> | (1)OF | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory at 30 September 2020 | 26 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Original cost of damaged goods | (5 200) } | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net realisable value of damaged goods | <u>4 400</u> } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revised value of inventory | <u>25 500</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(b) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Draft profit for the year</td> <td></td> <td style="text-align: right;">84 900</td> <td></td> </tr> <tr> <td>Add Insurance prepaid omitted</td> <td></td> <td style="text-align: right;"><u>400</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">85 300</td> <td></td> </tr> <tr> <td>Less Inventory overstated</td> <td style="text-align: right;">800</td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Provision for doubtful debts omitted</td> <td style="text-align: right;"><u>100</u></td> <td style="text-align: right;"><u>900</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Revised profit for the year</td> <td></td> <td style="text-align: right;"><u>84 400</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>Accept alternative forms of presentation</p> | | \$ | \$ | | Draft profit for the year | | 84 900 | | Add Insurance prepaid omitted | | <u>400</u> | (1) | | | 85 300 | | Less Inventory overstated | 800 | | (1)OF | Provision for doubtful debts omitted | <u>100</u> | <u>900</u> | (1) | Revised profit for the year | | <u>84 400</u> | (1)OF | 4 | | | | | | | | | | | | | | |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Draft profit for the year | | 84 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add Insurance prepaid omitted | | <u>400</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 85 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Inventory overstated | 800 | | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for doubtful debts omitted | <u>100</u> | <u>900</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revised profit for the year | | <u>84 400</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4(c) | <p style="text-align: center;">DW Limited Statement of Changes in Equity for the year ended 30 September 2020</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">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> <th></th> </tr> <tr> <td></td> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <td></td> </tr> </thead> <tbody> <tr> <td>On 1 October 2019</td> <td style="text-align: right;">200 000</td> <td style="text-align: right;">6 500</td> <td style="text-align: right;">73 475</td> <td style="text-align: right;">279 975</td> <td style="text-align: right;">(1) row</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">84 400</td> <td style="text-align: right;">84 400</td> <td style="text-align: right;">(1) OF row</td> </tr> <tr> <td>Dividend paid</td> <td></td> <td></td> <td style="text-align: right;">(2 000)</td> <td style="text-align: right;">(2 000)</td> <td style="text-align: right;">(1) row</td> </tr> <tr> <td>Transfer to general reserve</td> <td></td> <td style="text-align: right;">5 000</td> <td style="text-align: right;">(5 000)</td> <td></td> <td style="text-align: right;">(1) row</td> </tr> <tr> <td>On 30 September 2020</td> <td style="text-align: right;"><u>200 000</u></td> <td style="text-align: right;"><u>11 500</u></td> <td style="text-align: right;"><u>150 875</u></td> <td style="text-align: right;"><u>362 375</u></td> <td style="text-align: right;">(1) OF row</td> </tr> </tbody> </table> | Details | Share capital | General reserve | Retained earnings | Total | | | \$ | \$ | \$ | \$ | | On 1 October 2019 | 200 000 | 6 500 | 73 475 | 279 975 | (1) row | Profit for the year | | | 84 400 | 84 400 | (1) OF row | Dividend paid | | | (2 000) | (2 000) | (1) row | Transfer to general reserve | | 5 000 | (5 000) | | (1) row | On 30 September 2020 | <u>200 000</u> | <u>11 500</u> | <u>150 875</u> | <u>362 375</u> | (1) OF row | 5 |
| Details | Share capital | General reserve | Retained earnings | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | \$ | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 1 October 2019 | 200 000 | 6 500 | 73 475 | 279 975 | (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | 84 400 | 84 400 | (1) OF row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend paid | | | (2 000) | (2 000) | (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer to general reserve | | 5 000 | (5 000) | | (1) row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On 30 September 2020 | <u>200 000</u> | <u>11 500</u> | <u>150 875</u> | <u>362 375</u> | (1) OF row | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

PUBLISHED

| Question | Answer | | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 4(d) | <p style="text-align: center;">DW Limited Statement of Financial Position at 30 September 2020</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Assets</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">Cost</td> <td style="text-align: center;">Accumulated depreciation</td> <td style="text-align: center;">Net book value</td> <td></td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;"><u>462 000</u></td> <td style="text-align: right;"><u>106 000</u></td> <td style="text-align: right;"><u>356 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> <td></td> <td style="text-align: right;">25 500</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Trade receivables</td> <td></td> <td style="text-align: right;">14 500</td> <td></td> <td></td> </tr> <tr> <td>Less Provision for doubtful debts</td> <td></td> <td style="text-align: right;"><u>725</u></td> <td style="text-align: right;">13 775</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Other receivables (1 600 + 400)</td> <td></td> <td></td> <td style="text-align: right;"><u>2 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>41 275</u></td> <td></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>397 275</u></td> <td></td> </tr> <tr> <td>Equity and liabilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary share capital</td> <td></td> <td></td> <td style="text-align: right;">200 000</td> <td></td> </tr> <tr> <td>General reserve</td> <td></td> <td></td> <td style="text-align: right;">11 500</td> <td></td> </tr> <tr> <td>Retained earnings</td> <td></td> <td></td> <td style="text-align: right;"><u>150 875</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>362 375</u></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Non-current liabilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6% Debentures</td> <td></td> <td></td> <td style="text-align: right;"><u>18 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td></td> <td></td> <td style="text-align: right;">8 250</td> <td style="text-align: right;">}</td> </tr> <tr> <td>Other payables</td> <td></td> <td></td> <td style="text-align: right;">2 200</td> <td style="text-align: right;">}(1)</td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td></td> <td style="text-align: right;"><u>6 450</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>16 900</u></td> <td></td> </tr> <tr> <td>Total equity and liabilities</td> <td></td> <td></td> <td style="text-align: right;"><u>397 275</u></td> <td></td> </tr> </tbody> </table> | | | | | \$ | \$ | \$ | | Assets | | | | | | Cost | Accumulated depreciation | Net book value | | Non-current assets | <u>462 000</u> | <u>106 000</u> | <u>356 000</u> | (1) | Current assets | | | | | Inventory | | | 25 500 | (1)OF | Trade receivables | | 14 500 | | | Less Provision for doubtful debts | | <u>725</u> | 13 775 | (1) | Other receivables (1 600 + 400) | | | <u>2 000</u> | (1) | | | | <u>41 275</u> | | Total assets | | | <u>397 275</u> | | Equity and liabilities | | | | | Equity | | | | | Ordinary share capital | | | 200 000 | | General reserve | | | 11 500 | | Retained earnings | | | <u>150 875</u> | | | | | <u>362 375</u> | (1)OF | Non-current liabilities | | | | | 6% Debentures | | | <u>18 000</u> | (1) | Current liabilities | | | | | Trade payables | | | 8 250 | } | Other payables | | | 2 200 | }(1) | Bank overdraft | | | <u>6 450</u> | (1) | | | | <u>16 900</u> | | Total equity and liabilities | | | <u>397 275</u> | | 9 |
| | \$ | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cost | Accumulated depreciation | Net book value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | <u>462 000</u> | <u>106 000</u> | <u>356 000</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | | 25 500 | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | | 14 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Provision for doubtful debts | | <u>725</u> | 13 775 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other receivables (1 600 + 400) | | | <u>2 000</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>41 275</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | | | <u>397 275</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity and liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary share capital | | | 200 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General reserve | | | 11 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained earnings | | | <u>150 875</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>362 375</u> | (1)OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6% Debentures | | | <u>18 000</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | | | 8 250 | } | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other payables | | | 2 200 | }(1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft | | | <u>6 450</u> | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>16 900</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity and liabilities | | | <u>397 275</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | Marks |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------|----------|
| 5(a) | | Effect on profit for the year | Effect on working capital | 8 |
| Repairs to office equipment had been entered in the office equipment account | <i>Overstated</i> | <i>No effect</i> | | |
| No adjustment had been made for insurance prepaid | Understated (1) | Understated (1) | | |
| An irrecoverable debt had not been written off | Overstated (1) | Overstated (1) | | |
| No record had been made of additional capital introduced in cash | No effect (1) | Understated (1) | | |
| Closing inventory had been overstated | Overstated (1) | Overstated (1) | | |
| 5(b)(i) | Aziz has more current assets/more inventory/more trade receivables/more cash (1) Aziz has less current liabilities/trade payables/bank overdraft (1) | | | 2 |
| 5(b)(ii) | Aziz has less inventory (1) Aziz has higher current ratio (1) | | | 2 |
| 5(b)(iii) | Aziz has higher profit for the year (1) Aziz has lower capital employed (1) Aziz has lower non-current liabilities (1) | | | 2 |
| 5(c) | Nazim has lower sales (1) Nazim has higher inventory (1) Max 1 | | | 1 |

| Question | Answer | Marks |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 5(d) | <p>Advantages Cash received earlier (1) Reduces possibility of irrecoverable debts (1) May reduce bank overdraft interest charges (1) Accept other valid responses Max (2)</p> <p>Disadvantages May lose customers/may reduce sales (1) Will increase administration costs/may reduce profits (1) May damage relationship with customers (1) Max (2)</p> <p>Recommendation (1)</p> | 5 |