

Mark Scheme (Results)

Summer 2010

IGCSE

IGCSE ACCOUNTING (4305) Paper 01

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Summer 2010

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Section A

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(a) | B | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(b) | C | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(c) | C | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(d) | B | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(e) | C | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(f) | D | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(g) | C | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(h) | B | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(i) | A | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 1(j) | B | (1) |

(Total 10 marks)

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|-------------|-----------|-------------------------|-------------|-----------|---|-------|-------------|---------|-------|-------------------------|------|-------|----------------|-------|--------|-------------|-------|--------|--------------|-------|--------|-------------------|--------|--|--|--|--------|-------------|---------|--|--|-------------|--|--|-------------|-------|-------------|---------|--|--|--|----------|
| 2(a) | D Rae Account | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td>1 879√C</td> <td>Apr 3</td> <td>Returns Inward (Book) √</td> <td>99√C</td> </tr> <tr> <td>Apr 5</td> <td>Sales √ (Book)</td> <td>396√C</td> <td>Apr 21</td> <td>PL set Off√</td> <td>450√C</td> </tr> <tr> <td>Apr 28</td> <td>Sales (Book)</td> <td>660√C</td> <td>Apr 30</td> <td>Cash Book√ (Bank)</td> <td>1780√C</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Balance c/d</td> <td>606√O/F</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>2935</u></td> <td></td> <td></td> <td style="text-align: center;"><u>2935</u></td> </tr> <tr> <td>May 1</td> <td>Balance b/d</td> <td>606√O/F</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Date | Narration | £ | Date | Narration | £ | Apr 1 | Balance b/d | 1 879√C | Apr 3 | Returns Inward (Book) √ | 99√C | Apr 5 | Sales √ (Book) | 396√C | Apr 21 | PL set Off√ | 450√C | Apr 28 | Sales (Book) | 660√C | Apr 30 | Cash Book√ (Bank) | 1780√C | | | | Apr 30 | Balance c/d | 606√O/F | | | <u>2935</u> | | | <u>2935</u> | May 1 | Balance b/d | 606√O/F | | | | 12 x√ |
| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 1 | Balance b/d | 1 879√C | Apr 3 | Returns Inward (Book) √ | 99√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 5 | Sales √ (Book) | 396√C | Apr 21 | PL set Off√ | 450√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 28 | Sales (Book) | 660√C | Apr 30 | Cash Book√ (Bank) | 1780√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Balance c/d | 606√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>2935</u> | | | <u>2935</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May 1 | Balance b/d | 606√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|---------------|-----------|--------------------------|---------------|-----------|---|-------|-------------|---------|--------|-------------|-------|--------|----------------|---------|--------|--------------------------|-------|--|--|--|--------|--------------------|---------|--|--|--|--------|-------------|----------|--|--|---------------|--|--|---------------|-------|-------------|-----------|--|--|--|----------|
| 2(b) | Total Debtors Account | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td>9311√√C</td> <td>Apr 30</td> <td>PL set off√</td> <td>450√C</td> </tr> <tr> <td>Apr 30</td> <td>Sales (Book) √</td> <td>4 235√C</td> <td>Apr 30</td> <td>Returns Inwards (Book) √</td> <td>385√C</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Cash Book (Bank) √</td> <td>9 212√C</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Balance c/d</td> <td>3499√O/F</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>13 546</u></td> <td></td> <td></td> <td style="text-align: center;"><u>13 546</u></td> </tr> <tr> <td>May 1</td> <td>Balance b/d</td> <td>3 499√O/F</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Date | Narration | £ | Date | Narration | £ | Apr 1 | Balance b/d | 9311√√C | Apr 30 | PL set off√ | 450√C | Apr 30 | Sales (Book) √ | 4 235√C | Apr 30 | Returns Inwards (Book) √ | 385√C | | | | Apr 30 | Cash Book (Bank) √ | 9 212√C | | | | Apr 30 | Balance c/d | 3499√O/F | | | <u>13 546</u> | | | <u>13 546</u> | May 1 | Balance b/d | 3 499√O/F | | | | 12 x√ |
| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 1 | Balance b/d | 9311√√C | Apr 30 | PL set off√ | 450√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 30 | Sales (Book) √ | 4 235√C | Apr 30 | Returns Inwards (Book) √ | 385√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Cash Book (Bank) √ | 9 212√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Balance c/d | 3499√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>13 546</u> | | | <u>13 546</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May 1 | Balance b/d | 3 499√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|---------------|-----------|------------------|---------------|-----------|---|--------|-------------|-----------|-------|-------------|----------|--|--|--|-------|------------------|--------|--|--|--|--------|------------------|--------|--|--|--|--------|--------------|---------|--|--|---------------|--|--|---------------|--|--|--|-------|-------------|-----------|----------|
| 2(c) | Sales Account | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 30 | Balance c/d | 16250√O/F | Apr 1 | Balance b/d | 11 600√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 3 | Cash Book (Bank) | 200√√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 15 | Cash Book (Bank) | 600√√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Sales (Book) | 3 850√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>16 250</u> | | | <u>16 250</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | May 1 | Balance b/d | 16250√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Date | Narration | £ | Date | Narration | £ |
|--------|-------------------------|--------------|--------|-------------|--------------|
| Apr 1 | Balance b/d | 675√C | Apr 30 | Balance c/d | 1025√O/F |
| Apr 30 | Returns Inwards (Book)* | 350√C | | | |
| | | <u>1 025</u> | | | <u>1 025</u> |
| May 1 | Balance b/d | 1025√O/F | | | |

| Question Number | Answer | Mark |
|-----------------|--|-------------|
| 2(d) | Customers may pay their accounts more promptly√√ thus reducing the likelihood of bad debts√√ occurring. The business may benefit from an improvement in cash flow √√thus helping the business to pay its creditors on time and/or bank charges/interest etc. √√Max 6 x √ | (3) 6 x√ |

| Question Number | Answer | Mark |
|-----------------|---|-------------|
| 2(e) | <p>Award up to 4 marks for each relevant benefit to his business √√ for identification and √√ for developing the point.</p> <p>Sample answer</p> <p>Dhopak could find it easier√√to identify the total amount owing from debtors when preparing his balance sheet√ at the year end thus saving time. √</p> <p>Dhopak could use the account as a check on the accuracy of his sales ledger√√ as the sum of the individual balances √ should equal the balance on his total debtors account√.</p> <p>Dhopak could use it as a check against instances of fraudulent activities within his business√√ as the sales ledger accounts and the total debtors account√ are normally kept by two separate persons√</p> | (4) 8 x√ |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|----------------|---------------|--------|--|--|--|--|-------|---------|--|--|--|--|---------|--------|--|--|--|--|--------------|----------------|--|--|--|--|--|--------|--|--|--|--|--------------|--|--|--|--|--|-----------|--------|--|--|--|--|-------------|--------------|--|--|--|--|--|-------|--|--|--|--|---------|---------|---|-----|--|-----------------|
| 3(a) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Assets:</td> <td style="width: 15%;">Shop Fittings</td> <td style="width: 15%;">7 500√</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> <tr> <td></td> <td>Stock</td> <td>12 500√</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Debtors</td> <td>2 050√</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Cash at Bank</td> <td><u>3 500</u>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>25 550</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Liabilities:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Creditors</td> <td>3 200√</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Electricity</td> <td><u>350</u>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>3 550</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Capital</td> <td>22 000√</td> <td>√</td> <td>O/F</td> <td></td> </tr> </table> | Assets: | Shop Fittings | 7 500√ | | | | | Stock | 12 500√ | | | | | Debtors | 2 050√ | | | | | Cash at Bank | <u>3 500</u> √ | | | | | | 25 550 | | | | | Liabilities: | | | | | | Creditors | 3 200√ | | | | | Electricity | <u>350</u> √ | | | | | | 3 550 | | | | | Capital | 22 000√ | √ | O/F | | (4) 8 x√ |
| Assets: | Shop Fittings | 7 500√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Stock | 12 500√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Debtors | 2 050√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash at Bank | <u>3 500</u> √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 25 550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Liabilities: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Creditors | 3 200√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Electricity | <u>350</u> √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 3 550 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Capital | 22 000√ | √ | O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------|------------|-----------|------------|--|---|--|--|--|--|-----------------------|---------|--|--------|--|---------|--|--|--|--|-----------------|---------|---|----------|--|-----------------|--|--|--|--|-----------------|----------------|--|------------|-----------|-------------------------|--|--|--|--|--------------|-----------------|------------|--|--|--|--|--|--|--|-----------------|
| 3(b) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Credit Sales</td> <td style="width: 10%;">£</td> <td style="width: 30%;"></td> <td style="width: 10%;">Cash Sales</td> <td style="width: 10%;"></td> </tr> <tr> <td>£</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Receipts from debtors</td> <td>45 000√</td> <td></td> <td>Banked</td> <td></td> </tr> <tr> <td>53 200√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening debtors</td> <td>(2 050)</td> <td>√</td> <td>Drawings</td> <td></td> </tr> <tr> <td><u>21 000</u>√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Closing debtors</td> <td><u>4 850</u>√</td> <td></td> <td>Cash Sales</td> <td><u>74</u></td> </tr> <tr> <td><u>200</u>√<u>O/F</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Credit Sales</td> <td><u>47 800</u>√</td> <td><u>O/F</u></td> <td></td> <td></td> </tr> <tr> <td colspan="5"><u>Total Sales = £47 800 + £74 200 = £122 000</u>√ <u>O/F</u></td> </tr> </table> | Credit Sales | £ | | Cash Sales | | £ | | | | | Receipts from debtors | 45 000√ | | Banked | | 53 200√ | | | | | Opening debtors | (2 050) | √ | Drawings | | <u>21 000</u> √ | | | | | Closing debtors | <u>4 850</u> √ | | Cash Sales | <u>74</u> | <u>200</u> √ <u>O/F</u> | | | | | Credit Sales | <u>47 800</u> √ | <u>O/F</u> | | | <u>Total Sales = £47 800 + £74 200 = £122 000</u> √ <u>O/F</u> | | | | | (4) 8 x√ |
| Credit Sales | £ | | Cash Sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Receipts from debtors | 45 000√ | | Banked | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53 200√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening debtors | (2 050) | √ | Drawings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>21 000</u> √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing debtors | <u>4 850</u> √ | | Cash Sales | <u>74</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>200</u> √ <u>O/F</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit Sales | <u>47 800</u> √ | <u>O/F</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Total Sales = £47 800 + £74 200 = £122 000</u> √ <u>O/F</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | |
|-----------------------|--|------|---|--|--|--|-----------------------|---------|--|--|--|-------------------|---------|--|--|--|-------------------|----------|--|--|--|-----------------|
| 3(c) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%;">£</td> <td style="width: 30%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Payments to suppliers</td> <td>42 700√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Discount received</td> <td>2 300√√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening creditors</td> <td>(3 200)√</td> <td></td> <td></td> <td></td> </tr> </table> | | £ | | | | Payments to suppliers | 42 700√ | | | | Discount received | 2 300√√ | | | | Opening creditors | (3 200)√ | | | | (3) 6 x√ |
| | £ | | | | | | | | | | | | | | | | | | | | | |
| Payments to suppliers | 42 700√ | | | | | | | | | | | | | | | | | | | | | |
| Discount received | 2 300√√ | | | | | | | | | | | | | | | | | | | | | |
| Opening creditors | (3 200)√ | | | | | | | | | | | | | | | | | | | | | |

| | | | |
|--|-------------------|--------------------|--|
| | Closing creditors | <u>5 200</u> ✓ | |
| | Total purchases | <u>47 000</u> ✓O/F | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|---|-----------------|---|---|-------|--|----------|---------------|--|--|---------------|---------------------|--|-----------|---------|--|--|--------|--|---------------|--------|--|--------------------|--|-----------------|--------------|--|--------|-------------------|--|----------------|--|--|--------|------------------|--|--|-------|---------|--|---------------------------------|----------|--|--------------|--------|--|--|--|---------------|------------|--|---------------|---|
| 3(d) | <p style="text-align: center;">Dipak Patel Trading and profit and loss account Year ended 31 December 2009</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">£</th> <th style="width: 20%; text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">122 000✓</td> </tr> <tr> <td>Cost of Sales</td> <td></td> <td></td> </tr> <tr> <td>Opening Stock</td> <td style="text-align: right;">12 500 ✓ (for both)</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">47 000✓</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">59 500</td> <td></td> </tr> <tr> <td>Closing Stock</td> <td style="text-align: right;">16 000</td> <td></td> </tr> <tr> <td>Cost of Goods Sold</td> <td></td> <td style="text-align: right;"><u>43 500</u>✓</td> </tr> <tr> <td>Gross Profit</td> <td></td> <td style="text-align: right;">78 500</td> </tr> <tr> <td>Discount received</td> <td></td> <td style="text-align: right;"><u>2 300</u>✓</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">80 800</td> </tr> <tr> <td>Running Expenses</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">15 000✓</td> <td></td> </tr> <tr> <td>Electricity (1 650 - 350 + 400)</td> <td style="text-align: right;">1 700✓✓✓</td> <td></td> </tr> <tr> <td>Rent & Rates</td> <td style="text-align: right;">4 000✓</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>20 700</u></td> </tr> <tr> <td>Net Profit</td> <td></td> <td style="text-align: right;"><u>60 100</u></td> </tr> </tbody> </table> | | £ | £ | Sales | | 122 000✓ | Cost of Sales | | | Opening Stock | 12 500 ✓ (for both) | | Purchases | 47 000✓ | | | 59 500 | | Closing Stock | 16 000 | | Cost of Goods Sold | | <u>43 500</u> ✓ | Gross Profit | | 78 500 | Discount received | | <u>2 300</u> ✓ | | | 80 800 | Running Expenses | | | Wages | 15 000✓ | | Electricity (1 650 - 350 + 400) | 1 700✓✓✓ | | Rent & Rates | 4 000✓ | | | | <u>20 700</u> | Net Profit | | <u>60 100</u> | <p style="text-align: center;">(6)</p> <p style="text-align: center;">12 x✓</p> |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | | 122 000✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Stock | 12 500 ✓ (for both) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | 47 000✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 59 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Stock | 16 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Goods Sold | | <u>43 500</u> ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Profit | | 78 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount received | | <u>2 300</u> ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 80 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Running Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages | 15 000✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity (1 650 - 350 + 400) | 1 700✓✓✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent & Rates | 4 000✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>20 700</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Profit | | <u>60 100</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | |
|---------------------|---|----------------|--|-------|---------|---------|--------|--------------|---------|--|--------|---------------------|--|-----------|--------|---------|------|--|-------|-----------------|--------|---------------------|
| 3(e) | <p style="text-align: center;">Dipak Patel Balance sheet extract As at 31 December 2009</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Current Assets</td> </tr> <tr> <td style="padding-left: 20px;">Stock</td> <td style="text-align: right;">16 000√</td> </tr> <tr> <td style="padding-left: 20px;">Debtors</td> <td style="text-align: right;">4 850√</td> </tr> <tr> <td style="padding-left: 20px;">Cash at bank</td> <td style="text-align: right;">38 350√</td> </tr> <tr> <td></td> <td style="text-align: right;">59 200</td> </tr> <tr> <td colspan="2">Current Liabilities</td> </tr> <tr> <td style="padding-left: 20px;">Creditors</td> <td style="text-align: right;">5 200√</td> </tr> <tr> <td style="padding-left: 20px;">Accrual</td> <td style="text-align: right;">400√</td> </tr> <tr> <td></td> <td style="text-align: right;">5 600</td> </tr> <tr> <td style="padding-left: 40px;">Working Capital</td> <td style="text-align: right;">53 600</td> </tr> </table> <p style="text-align: left; margin-left: 20px;">√O/F</p> | Current Assets | | Stock | 16 000√ | Debtors | 4 850√ | Cash at bank | 38 350√ | | 59 200 | Current Liabilities | | Creditors | 5 200√ | Accrual | 400√ | | 5 600 | Working Capital | 53 600 | (3) 6 x √ |
| Current Assets | | | | | | | | | | | | | | | | | | | | | | |
| Stock | 16 000√ | | | | | | | | | | | | | | | | | | | | | |
| Debtors | 4 850√ | | | | | | | | | | | | | | | | | | | | | |
| Cash at bank | 38 350√ | | | | | | | | | | | | | | | | | | | | | |
| | 59 200 | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Creditors | 5 200√ | | | | | | | | | | | | | | | | | | | | | |
| Accrual | 400√ | | | | | | | | | | | | | | | | | | | | | |
| | 5 600 | | | | | | | | | | | | | | | | | | | | | |
| Working Capital | 53 600 | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|---|---------------------|
| 3(f) | <p>Advantages of setting up and operating a full set of accounting records √√√√</p> <p>Disadvantages of setting up and operating a full set of accounting records √√√√</p> <p>Evaluative or concluding statement √√</p> <p>Sample answer By setting up and maintaining a full set of accounting records he will be provided with up to date information concerning the amounts owing from customers and owing to suppliers √√ The system will also make it easier for Dipak to check for errors and omissions. √√ There is a cost of setting it up and operating it. √√. You may need to employ a specialist bookkeeper which would increase your expenses √√ Overall a double-entry system allows for more control if it is well operated. √√</p> <p>Examiners Note The sample answer is provided as an indication of the allocation of marks. Award marks for equally appropriate responses under each category.</p> | (5) 10 x√ |

Section B

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|---|----------------------------|--------------|---|---|-------------------------------|---------|--|--|---------------------------|----------------------------|--|--|--|---------|--|--|-------------------------------|---------|--|--|--------------------------------|--|---------|--|--------------|--|----------------------------|--|------------|--|--|----------|----------------|--|---------|--|-------------------|--|---------|--|------------------------------------|--|-------------|--|--|--|--|---------|--|--|--|-----------|--------------------------|--|--|---------|--------------------------|--|--|-----------|-----------------|--|--|--------------|--------------------------|
| 4(a) | <p style="text-align: center;">Korn Manufacturing Manufacturing Account Year ended 30 September 2009</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Opening stock - raw materials</td> <td style="text-align: right;">30 000√</td> <td></td> <td></td> </tr> <tr> <td>Purchases - raw materials</td> <td style="text-align: right;"><u>568</u> <u>100</u>√</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">598 100</td> <td></td> <td></td> </tr> <tr> <td>Closing stock - raw materials</td> <td style="text-align: right;">36 840√</td> <td></td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td></td> <td style="text-align: right;">561 260</td> <td></td> </tr> <tr> <td>Direct wages</td> <td></td> <td style="text-align: right;"><u>352</u> <u>760</u>√</td> <td></td> </tr> <tr> <td>Prime Cost</td> <td></td> <td></td> <td style="text-align: right;">914 020√</td> </tr> <tr> <td>Indirect wages</td> <td></td> <td style="text-align: right;">75 256√</td> <td></td> </tr> <tr> <td>Indirect expenses</td> <td></td> <td style="text-align: right;">46 570√</td> <td></td> </tr> <tr> <td>Depreciation - plant and machinery</td> <td></td> <td style="text-align: right;">94 440√√</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">216 266</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">1 130 286</td> </tr> <tr> <td>Opening work in progress</td> <td></td> <td></td> <td style="text-align: right;">20 140√</td> </tr> <tr> <td>Closing work in progress</td> <td></td> <td></td> <td style="text-align: right;">(17 900)√</td> </tr> <tr> <td>Production Cost</td> <td></td> <td></td> <td style="text-align: right;">1 132526√</td> </tr> </tbody> </table> | | £ | £ | £ | Opening stock - raw materials | 30 000√ | | | Purchases - raw materials | <u>568</u> <u>100</u> √ | | | | 598 100 | | | Closing stock - raw materials | 36 840√ | | | Cost of raw materials consumed | | 561 260 | | Direct wages | | <u>352</u> <u>760</u> √ | | Prime Cost | | | 914 020√ | Indirect wages | | 75 256√ | | Indirect expenses | | 46 570√ | | Depreciation - plant and machinery | | 94 440√√ | | | | | 216 266 | | | | 1 130 286 | Opening work in progress | | | 20 140√ | Closing work in progress | | | (17 900)√ | Production Cost | | | 1 132526√ | <p>(6)</p> <p>12 x √</p> |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock - raw materials | 30 000√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases - raw materials | <u>568</u> <u>100</u> √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 598 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing stock - raw materials | 36 840√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of raw materials consumed | | 561 260 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct wages | | <u>352</u> <u>760</u> √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prime Cost | | | 914 020√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indirect wages | | 75 256√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indirect expenses | | 46 570√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - plant and machinery | | 94 440√√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 216 266 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 1 130 286 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening work in progress | | | 20 140√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing work in progress | | | (17 900)√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production Cost | | | 1 132526√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------|------------------|---|---|-------|--|--|-----------|---------------|--|--|--|---------------|--|---------|--|-----------------|--|-------------|--|--|--|------------------|--|---------------|--|----------|--|--------------------|--|--|------------------|--------------|--|--|------------|------------------|--|--|--|---|--|-----------|--|---|--|----------|--|--------------------|--|---------|--|--------------------------------------|--|----------|--|-------------------------------|--|------------------|--|------------------|--|--|------------|----------------|--|--|--|------------------------------------|---------|--|--|----------------|-----------------|--|--|--|--|--------|--|----------------------------------|---------|--|--|----------------|-----------------|--|--|--|--|--------|--|--|--|--|---------|------------------------------|--|--|---------|---------------------|--|--|----------|---------------------|--|--|----------|-------------------------------|
| 4(b) | <p style="text-align: center;">Korn Manufacturing Ltd</p> <p style="text-align: center;">Trading, profit and loss, and appropriation account</p> <p style="text-align: center;">Year ended 30 September 2009</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td></td> <td style="text-align: right;">1 808588√</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening stock</td> <td></td> <td style="text-align: right;">91 530√</td> <td></td> </tr> <tr> <td>Production cost</td> <td></td> <td style="text-align: right;">1132526√O/F</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1 224 056</u></td> <td></td> </tr> <tr> <td>Closing stock</td> <td></td> <td style="text-align: right;">100 480√</td> <td></td> </tr> <tr> <td>Cost of goods sold</td> <td></td> <td></td> <td style="text-align: right;"><u>1 123 576</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">685012√O/F</td> </tr> <tr> <td>Running expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Administrative expenses (347 800 - 7 800)</td> <td></td> <td style="text-align: right;">340 000√√</td> <td></td> </tr> <tr> <td>Selling and distribution expenses(56 500 + 4 500)</td> <td></td> <td style="text-align: right;">61 000√√</td> <td></td> </tr> <tr> <td>Financial expenses</td> <td></td> <td style="text-align: right;">48 250√</td> <td></td> </tr> <tr> <td>Depreciation - fixtures and fittings</td> <td></td> <td style="text-align: right;">18 600√√</td> <td></td> </tr> <tr> <td>Depreciation - motor vehicles</td> <td></td> <td style="text-align: right;"><u>18 000</u>√√</td> <td></td> </tr> <tr> <td>Operating profit</td> <td></td> <td></td> <td style="text-align: right;">199162√O/F</td> </tr> <tr> <td>Appropriations</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Preference dividend - interim paid</td> <td style="text-align: right;">48 000√</td> <td></td> <td></td> </tr> <tr> <td>final proposed</td> <td style="text-align: right;"><u>48000</u>√√</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">96 000</td> <td></td> </tr> <tr> <td>Ordinary dividend - interim paid</td> <td style="text-align: right;">40 000√</td> <td></td> <td></td> </tr> <tr> <td>Final proposed</td> <td style="text-align: right;"><u>40000</u>√√</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">80 000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">176 000</td> </tr> <tr> <td>Retained profit for the year</td> <td></td> <td></td> <td style="text-align: right;">23 162√</td> </tr> <tr> <td>Retained profit b/f</td> <td></td> <td></td> <td style="text-align: right;">313 312√</td> </tr> <tr> <td>Retained profit c/f</td> <td></td> <td></td> <td style="text-align: right;">600 000√</td> </tr> </tbody> </table> | | £ | £ | £ | Sales | | | 1 808588√ | Cost of sales | | | | Opening stock | | 91 530√ | | Production cost | | 1132526√O/F | | | | <u>1 224 056</u> | | Closing stock | | 100 480√ | | Cost of goods sold | | | <u>1 123 576</u> | Gross profit | | | 685012√O/F | Running expenses | | | | Administrative expenses (347 800 - 7 800) | | 340 000√√ | | Selling and distribution expenses(56 500 + 4 500) | | 61 000√√ | | Financial expenses | | 48 250√ | | Depreciation - fixtures and fittings | | 18 600√√ | | Depreciation - motor vehicles | | <u>18 000</u> √√ | | Operating profit | | | 199162√O/F | Appropriations | | | | Preference dividend - interim paid | 48 000√ | | | final proposed | <u>48000</u> √√ | | | | | 96 000 | | Ordinary dividend - interim paid | 40 000√ | | | Final proposed | <u>40000</u> √√ | | | | | 80 000 | | | | | 176 000 | Retained profit for the year | | | 23 162√ | Retained profit b/f | | | 313 312√ | Retained profit c/f | | | 600 000√ | <p>(12)</p> <p>24 x √</p> |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | | | 1 808588√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock | | 91 530√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production cost | | 1132526√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>1 224 056</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing stock | | 100 480√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of goods sold | | | <u>1 123 576</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | | 685012√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Running expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative expenses (347 800 - 7 800) | | 340 000√√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Selling and distribution expenses(56 500 + 4 500) | | 61 000√√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial expenses | | 48 250√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - fixtures and fittings | | 18 600√√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - motor vehicles | | <u>18 000</u> √√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating profit | | | 199162√O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Appropriations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Preference dividend - interim paid | 48 000√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| final proposed | <u>48000</u> √√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 96 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary dividend - interim paid | 40 000√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Final proposed | <u>40000</u> √√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 80 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 176 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained profit for the year | | | 23 162√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained profit b/f | | | 313 312√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retained profit c/f | | | 600 000√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|---|--------------|
| 5(a) | Formula: GP/Turnover x100√√ Year ended 31 March 2009: 400/1600 = 25%√ Year ended 31 March 2010: 600/2400 = 25%√ | (2) 4 x √ |

| Question Number | Answer | Mark |
|-----------------|---|--------------|
| 5(b) | Formula: NP/Turnover x100√√ Year ended 31 March 2009: 192/1600 = 12%√ Year ended 31 March 2010: 240/2400 = 10%√ | (2) 4 x √ |

| Question Number | Answer | Mark |
|-----------------|---|---------------|
| 5(c) | 3 x √ for an evaluation of each ratio as follows (√ for figure(s) √ for comment and √ for development) 4 x √ for comment on managing director's statement Sample answer The gross profit margin for 2008 and 2009 is unchanged at 25%.√ This indicates that the increase in turnover √ has not been caused by any changes in pricing policy √. The net profit margin has decreased from 12% in 2008 to 10%√ in 2009. This indicates that the business is running less efficiently √ as turnover is now generating proportionately less net profit √. The managing director is correct in stating that an increase in turnover and profit √are an indication of a successful year√. However the overall profitability of the business has in fact decreased √by 2% indicating that the managing director is incorrect √ in his statement | (5) 10 x √ |

| Question Number | Answer | Mark |
|-----------------|---|--------------|
| 5(d) | Formula: Current Assets/Current Liabilities√√ At 31 March 2009 240/100 = 2.4:1√ At 31 March 2010 228/152 = 1.5:1√ | (2) 4 x √ |

| Question Number | Answer | Mark |
|-----------------|--|---------------|
| 5(e) | 2 x √ for stating the change over the two years; Up to a further 4 x√ for the implications of this for a business Up to 4 x √ for stating the ideal working capital ratio and what it means Sample Answer The working capital ratio has fallen from a ratio which was slightly too high √to a ratio which is considerably lower √ than the ideal. When too high the implication is that funds are being | (5) 10 x √ |

| | | |
|--|---|--|
| | inefficiently used√√; when too low the implication is that the company will experience difficulty paying its debts√√. The ideal working capital ratio is often stated as 2: √√1. This means that the business is able to cover its current liabilities two times over from its current assets. √√ | |
|--|---|--|

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|--------------|-----------|-------------------------------|--------------|-----------|---|-------|-------------|-------|--------|------|---------|--------|-------------------------|-----------|--------|-------------------------------|--------|--------|-------------------------------|--------|--|--|--|--|--|--------------|--|--|--------------|-------|-------------|------|-------|-------------|------|--------------|
| 6 | <p style="text-align: center;">Subscriptions Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">480√C</td> <td>Dec 31</td> <td>Bank</td> <td style="text-align: right;">4200√√C</td> </tr> <tr> <td>Dec 31</td> <td>Income and Expenditure√</td> <td style="text-align: right;">3900√√O/F</td> <td>Dec 31</td> <td>Balance c/d (subs in arrears)</td> <td style="text-align: right;">300√√C</td> </tr> <tr> <td>Dec 31</td> <td>Balance c/d (Subs in advance)</td> <td style="text-align: right;">120√√C</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>4 500</u></td> <td></td> <td></td> <td style="text-align: right;"><u>4 500</u></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">300√</td> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">120√</td> </tr> </tbody> </table> | Date | Narration | £ | Date | Narration | £ | Jan 1 | Balance b/d | 480√C | Dec 31 | Bank | 4200√√C | Dec 31 | Income and Expenditure√ | 3900√√O/F | Dec 31 | Balance c/d (subs in arrears) | 300√√C | Dec 31 | Balance c/d (Subs in advance) | 120√√C | | | | | | <u>4 500</u> | | | <u>4 500</u> | Jan 1 | Balance b/d | 300√ | Jan 1 | Balance b/d | 120√ | (6) 12 x√ |
| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 1 | Balance b/d | 480√C | Dec 31 | Bank | 4200√√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec 31 | Income and Expenditure√ | 3900√√O/F | Dec 31 | Balance c/d (subs in arrears) | 300√√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec 31 | Balance c/d (Subs in advance) | 120√√C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>4 500</u> | | | <u>4 500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 1 | Balance b/d | 300√ | Jan 1 | Balance b/d | 120√ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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