

Mark Scheme (Results)

November 2010

IGCSE

IGCSE ACCOUNTING(4305) Paper 01

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November 2010

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Section A

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

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

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

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

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

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

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

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

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

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

(Total 10 marks)

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|------------------|-------|-------------|-------------------|--------|-----------|---|--------|--------------------------|-----|--------|--------------|--------|--------|------------|------|--------|-------------------|------|--------|--------------------------|------|--|--|--|--------|-------------|------|--|--|--|--|--|--------------|--|--|--------------|--|--|--|-------|-------------|-----------|
| 2(a) | A Alda | (6) 12 x * | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <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>Sept 3</td> <td>Returns outwards (book)*</td> <td>77*</td> <td>Sept 1</td> <td>Balance b/f*</td> <td>1 500*</td> </tr> <tr> <td>Sept 3</td> <td>Cash book*</td> <td>900*</td> <td>Sept 1</td> <td>Purchases (book)*</td> <td>473*</td> </tr> <tr> <td>Sept28</td> <td>Purchase ledger set off*</td> <td>600*</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept30</td> <td>Balance c/d</td> <td>396*</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>1 973</u></td> <td></td> <td></td> <td><u>1 973</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Oct 1</td> <td>Balance b/d</td> <td>396* C</td> </tr> </tbody> </table> | | Date | Narration | £ | Date | Narration | £ | Sept 3 | Returns outwards (book)* | 77* | Sept 1 | Balance b/f* | 1 500* | Sept 3 | Cash book* | 900* | Sept 1 | Purchases (book)* | 473* | Sept28 | Purchase ledger set off* | 600* | | | | Sept30 | Balance c/d | 396* | | | | | | <u>1 973</u> | | | <u>1 973</u> | | | | Oct 1 | Balance b/d | 396* C |
| Date | Narration | | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 3 | Returns outwards (book)* | | 77* | Sept 1 | Balance b/f* | 1 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 3 | Cash book* | | 900* | Sept 1 | Purchases (book)* | 473* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept28 | Purchase ledger set off* | | 600* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept30 | Balance c/d | | 396* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>1 973</u> | | | <u>1 973</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Oct 1 | Balance b/d | 396* C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|------------------|--------|-------------|-------------------|--------|-----------|---|---------|--------------------------|------|--------|--------------|--------|---------|---------------------------|------|---------|-------------------|--------|---------|------------|--------|--|--|--|---------|-------------|-------|--|--|--|--|--|---------------|--|--|---------------|--|--|--|-------|-------------|--------|
| 2(b) | Total Creditors | (6) 12 x * | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <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>Sept 28</td> <td>Purchase ledger set off*</td> <td>600*</td> <td>Sept 1</td> <td>Balance b/f*</td> <td>9 135*</td> </tr> <tr> <td>Sept 30</td> <td>Purchases Returns (book)*</td> <td>319*</td> <td>Sept 30</td> <td>Purchases (book)*</td> <td>3 685*</td> </tr> <tr> <td>Sept 30</td> <td>Cash book*</td> <td>8 236*</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 30</td> <td>Balance c/d</td> <td>3665*</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>12 820</u></td> <td></td> <td></td> <td><u>12 820</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Oct 1</td> <td>Balance b/d</td> <td>3665*C</td> </tr> </tbody> </table> | | Date | Narration | £ | Date | Narration | £ | Sept 28 | Purchase ledger set off* | 600* | Sept 1 | Balance b/f* | 9 135* | Sept 30 | Purchases Returns (book)* | 319* | Sept 30 | Purchases (book)* | 3 685* | Sept 30 | Cash book* | 8 236* | | | | Sept 30 | Balance c/d | 3665* | | | | | | <u>12 820</u> | | | <u>12 820</u> | | | | Oct 1 | Balance b/d | 3665*C |
| Date | Narration | | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 28 | Purchase ledger set off* | | 600* | Sept 1 | Balance b/f* | 9 135* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Purchases Returns (book)* | | 319* | Sept 30 | Purchases (book)* | 3 685* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Cash book* | | 8 236* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Balance c/d | | 3665* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>12 820</u> | | | <u>12 820</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Oct 1 | Balance b/d | 3665*C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|------------------|---------|-----------|---------------|---------|-----------|---|--------|-------------|---------|---------|-------------|---------|--------|-----------|-------|--|--|--|---------|-----------|-------|--|--|--|---------|----------------|--------|--|--|--|--|--|---------------|--|--|---------------|-------|-------------|----------|--|--|--|
| 2(c) | Purchases | (6) 12 x * | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <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>Sept 1</td> <td>Balance b/f</td> <td>16 890*</td> <td>Sept 30</td> <td>Balance c/d</td> <td>21 020*</td> </tr> <tr> <td>Sept 1</td> <td>Cash book</td> <td>180**</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 15</td> <td>Cash book</td> <td>600**</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 30</td> <td>Purchases book</td> <td>3 350*</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>21 020</u></td> <td></td> <td></td> <td><u>21 020</u></td> </tr> <tr> <td>Oct 1</td> <td>Balance b/d</td> <td>21 020*C</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | Date | Narration | £ | Date | Narration | £ | Sept 1 | Balance b/f | 16 890* | Sept 30 | Balance c/d | 21 020* | Sept 1 | Cash book | 180** | | | | Sept 15 | Cash book | 600** | | | | Sept 30 | Purchases book | 3 350* | | | | | | <u>21 020</u> | | | <u>21 020</u> | Oct 1 | Balance b/d | 21 020*C | | | |
| Date | Narration | | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 1 | Balance b/f | | 16 890* | Sept 30 | Balance c/d | 21 020* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 1 | Cash book | | 180** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 15 | Cash book | | 600** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Purchases book | | 3 350* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>21 020</u> | | | <u>21 020</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oct 1 | Balance b/d | 21 020*C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Returns Outwards | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Date | Narration | £ | Date | Narration | £ |
|---------|-------------|-------------|---------|------------------------|-------------|
| Sept 30 | Balance c/d | 2023* | Sept 1 | Balance b/f | 1733* |
| | | | Sept 30 | Purchases returns book | 290* |
| | | <u>2023</u> | | | <u>2023</u> |
| | | | Oct 1 | Balance b/d | 2023*C |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|------------|-----------|-----------------------|------------|-----------|---|---------|----------------------|-----|---------|------------|------|---------|----------------|------|---------|-----------------------|-----|---------|-----------------|-----|--|--|--|---------|-----------|------|--|--|--|---------|-------------|----|--|--|--|--|--|------------|--|--|------------|--|--|--|-------|-------------|-----|-------|
| 2(d) | VAT | (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <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>Sept 30</td> <td>Returns inwards book</td> <td>65*</td> <td>Sept 30</td> <td>Sales book</td> <td>550*</td> </tr> <tr> <td>Sept 30</td> <td>Purchases book</td> <td>335*</td> <td>Sept 30</td> <td>Returns outwards book</td> <td>29*</td> </tr> <tr> <td>Sept 30</td> <td>Petty cash book</td> <td>12*</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 30</td> <td>Cash book</td> <td>78**</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sept 30</td> <td>Balance c/d</td> <td>89</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>579</u></td> <td></td> <td></td> <td><u>579</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Oct 1</td> <td>Balance b/d</td> <td>89*</td> </tr> </tbody> </table> | Date | Narration | £ | Date | Narration | £ | Sept 30 | Returns inwards book | 65* | Sept 30 | Sales book | 550* | Sept 30 | Purchases book | 335* | Sept 30 | Returns outwards book | 29* | Sept 30 | Petty cash book | 12* | | | | Sept 30 | Cash book | 78** | | | | Sept 30 | Balance c/d | 89 | | | | | | <u>579</u> | | | <u>579</u> | | | | Oct 1 | Balance b/d | 89* | 8 x * |
| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Returns inwards book | 65* | Sept 30 | Sales book | 550* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Purchases book | 335* | Sept 30 | Returns outwards book | 29* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Petty cash book | 12* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Cash book | 78** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 30 | Balance c/d | 89 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>579</u> | | | <u>579</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Oct 1 | Balance b/d | 89* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|---|-------|
| 2(e) | The closing balance of £89 represents the amount owing** by the business** to HM Revenue and Customs** (Government) | (3) |
| | | 6 x * |

| Question Number | Answer | Mark | | |
|---|---|---|---|-----|
| 3(a) | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> Assets: Motor Vehicle 10 000* creditors 2 400* Stock 4 500* 1 000* Debtors 4 600* 3 400 Rent prepaid 500* Cash at bank 5 600* Total 25 200 </td> <td style="width: 50%; vertical-align: top;"> Liabilities: Trade Wages accrued Total </td> </tr> </table> | Assets: Motor Vehicle 10 000* creditors 2 400* Stock 4 500* 1 000* Debtors 4 600* 3 400 Rent prepaid 500* Cash at bank 5 600* Total 25 200 | Liabilities: Trade Wages accrued Total | (4) |
| Assets: Motor Vehicle 10 000* creditors 2 400* Stock 4 500* 1 000* Debtors 4 600* 3 400 Rent prepaid 500* Cash at bank 5 600* Total 25 200 | Liabilities: Trade Wages accrued Total | | | |
| | Capital = 25 200 - 3 400 = £21 800* | 8 x * | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------|-----------------------|---|---|--------------------------------|--|--|--------|----------------------|--|--|--|---------------|--|--------|--|--|--|--------|--|--|--|--------|--|---------------|--|--------|--|---------------|--|--|----------------|---------------------|--|--|----------------|-------------------|--|--|--------|--|--|--|-------|-----------------|--|--|--|----------------------------|--|-------|--|----------------|--|--------|--|--------------------------------|--|--------|--|------------------|--|--------|--|-----------------------------|--|--------|--|-----------------------------------|--|-----|--|--|--|--|---------------|-------------------|--|--|-----------------------|-----------------------|
| 3(b) | <p style="text-align: center;">Priteh Patel Trading and profit and loss account Year ended 30 June 2010</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 (93500* - 4600* + 7500*)</td> <td></td> <td></td> <td style="text-align: right;">96 400</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;">4 500*</td> <td></td> </tr> <tr> <td>Purchases (36000* - 2400* + 3600* + 2800*)</td> <td></td> <td style="text-align: right;">40 000</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">44 500</td> <td></td> </tr> <tr> <td>Closing stock</td> <td></td> <td style="text-align: right;">5 940*</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td style="text-align: right;"><u>38 560*</u></td> </tr> <tr> <td>Gross Profit</td> <td></td> <td></td> <td style="text-align: right;">57 840*</td> </tr> <tr> <td>Discount received</td> <td></td> <td></td> <td style="text-align: right;">2 800*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">60640</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent (7500* + 500* - 750*)</td> <td></td> <td style="text-align: right;">7 250</td> <td></td> </tr> <tr> <td>Motor expenses</td> <td></td> <td style="text-align: right;">5 400*</td> <td></td> </tr> <tr> <td>Wages (24000* - 1000* + 2000*)</td> <td></td> <td style="text-align: right;">25 000</td> <td></td> </tr> <tr> <td>General expenses</td> <td></td> <td style="text-align: right;">9 297*</td> <td></td> </tr> <tr> <td>Depreciation -motor vehicle</td> <td></td> <td style="text-align: right;">1 500*</td> <td></td> </tr> <tr> <td>Loan Interest (25000 x 5%* x 6m*)</td> <td></td> <td style="text-align: right;">625</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>49 072</u></td> </tr> <tr> <td>Net Profit</td> <td></td> <td></td> <td style="text-align: right;"><u>11 568*</u></td> </tr> </tbody> </table> | | £ | £ | £ | Sales (93500* - 4600* + 7500*) | | | 96 400 | Cost of Sales | | | | Opening stock | | 4 500* | | Purchases (36000* - 2400* + 3600* + 2800*) | | 40 000 | | | | 44 500 | | Closing stock | | 5 940* | | Cost of sales | | | <u>38 560*</u> | Gross Profit | | | 57 840* | Discount received | | | 2 800* | | | | 60640 | Expenses | | | | Rent (7500* + 500* - 750*) | | 7 250 | | Motor expenses | | 5 400* | | Wages (24000* - 1000* + 2000*) | | 25 000 | | General expenses | | 9 297* | | Depreciation -motor vehicle | | 1 500* | | Loan Interest (25000 x 5%* x 6m*) | | 625 | | | | | <u>49 072</u> | Net Profit | | | <u>11 568*</u> | (12) 24 x * |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales (93500* - 4600* + 7500*) | | | 96 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock | | 4 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases (36000* - 2400* + 3600* + 2800*) | | 40 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 44 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing stock | | 5 940* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | | <u>38 560*</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Profit | | | 57 840* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount received | | | 2 800* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 60640 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent (7500* + 500* - 750*) | | 7 250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motor expenses | | 5 400* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages (24000* - 1000* + 2000*) | | 25 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General expenses | | 9 297* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation -motor vehicle | | 1 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan Interest (25000 x 5%* x 6m*) | | 625 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>49 072</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Profit | | | <u>11 568*</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|--|-----------|----------------|---|---|---------------------|--|--|--|---------------|--|--|--------|-----------------------|--|--|--|-------|--------|--|--|---------|--------|--|--|------------|------|--|--|--------------|----------------|--|--|--|--|---------|--|----------------------------|--|--|--|-----------|--------|--|--|----------|--------|--|--|---------------|-------|--|--|--|--|-------|--|------------------------------------|--|--|---------|--|--|--|--------|------------------------------|--|--|--|-----------|--|--|---------|--|--|--|----------------|--------------------|--|--|--|---------------------------|--|-----------|--|------------|--|-----------|--|--|--|-------|--|----------|--|----------|--|--|--|--|----------------|----------------------|
| 3(c) | <p style="text-align: center;">Priteh Patel Balance Sheet As at 30 June 2010</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>Fixed Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Motor vehicle</td> <td></td> <td></td> <td style="text-align: right;">8 500*</td> </tr> <tr> <td>Current Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">5 940*</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">7 500*</td> <td></td> <td></td> </tr> <tr> <td>Prepayment</td> <td style="text-align: right;">750*</td> <td></td> <td></td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;"><u>23 903*</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">38 093*</td> <td></td> </tr> <tr> <td>Current Liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">3 600*</td> <td></td> <td></td> </tr> <tr> <td>Accruals</td> <td style="text-align: right;">2 000*</td> <td></td> <td></td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">625**</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">6225*</td> <td></td> </tr> <tr> <td>Net current assets/working capital</td> <td></td> <td></td> <td style="text-align: right;">31 868*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">40 368</td> </tr> <tr> <td>Long Term Liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Loan</td> <td></td> <td></td> <td style="text-align: right;">25 000*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>15 368*</u></td> </tr> <tr> <td>Financed by</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital - opening balance</td> <td></td> <td style="text-align: right;">21800*O/F</td> <td></td> </tr> <tr> <td>Net profit</td> <td></td> <td style="text-align: right;">11568*O/F</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">33368</td> <td></td> </tr> <tr> <td>Drawings</td> <td></td> <td style="text-align: right;">18000* C</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>15 368*</u></td> </tr> </tbody> </table> | | £ | £ | £ | Fixed Assets | | | | Motor vehicle | | | 8 500* | Current Assets | | | | Stock | 5 940* | | | Debtors | 7 500* | | | Prepayment | 750* | | | Cash at bank | <u>23 903*</u> | | | | | 38 093* | | Current Liabilities | | | | Creditors | 3 600* | | | Accruals | 2 000* | | | Loan interest | 625** | | | | | 6225* | | Net current assets/working capital | | | 31 868* | | | | 40 368 | Long Term Liabilities | | | | Bank Loan | | | 25 000* | | | | <u>15 368*</u> | Financed by | | | | Capital - opening balance | | 21800*O/F | | Net profit | | 11568*O/F | | | | 33368 | | Drawings | | 18000* C | | | | | <u>15 368*</u> | (9) 18 x * |
| | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motor vehicle | | | 8 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock | 5 940* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debtors | 7 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prepayment | 750* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash at bank | <u>23 903*</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 38 093* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Creditors | 3 600* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accruals | 2 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan interest | 625** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 6225* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net current assets/working capital | | | 31 868* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 40 368 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long Term Liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank Loan | | | 25 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>15 368*</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financed by | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital - opening balance | | 21800*O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit | | 11568*O/F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 33368 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drawings | | 18000* C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <u>15 368*</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Section B

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|---------------|-----------|-----------|--------------|----------|-----------|---|--------|-------------|-----------|--------|--------------|------|--------|---------------------|-------|--------|-----------|-------|--------|--------------|--------|--------|-------------|----------|--|--|----------|--|--|----------|-------|-------------|----------|--|--|--|
| 4(a) | Bank Account | (6) 12 x * | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>£</th> <th>Date</th> <th>Narrative</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Aug 30</td> <td>Balance b/d</td> <td style="text-align: right;">1345.98**</td> <td>Aug 30</td> <td>Bank Charges</td> <td style="text-align: right;">56**</td> </tr> <tr> <td>Aug 30</td> <td>Correction of error</td> <td style="text-align: right;">200**</td> <td>Aug 30</td> <td>DD - Rent</td> <td style="text-align: right;">750**</td> </tr> <tr> <td>Aug 30</td> <td>CT - Ricardo</td> <td style="text-align: right;">2300**</td> <td>Aug 30</td> <td>Balance c/d</td> <td style="text-align: right;">3039.98*</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">3 845.98</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">3 845.98</td> </tr> <tr> <td>Sep 1</td> <td>Balance b/d</td> <td style="text-align: right;">3039.98*</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | Date | Narrative | £ | Date | Narrative | £ | Aug 30 | Balance b/d | 1345.98** | Aug 30 | Bank Charges | 56** | Aug 30 | Correction of error | 200** | Aug 30 | DD - Rent | 750** | Aug 30 | CT - Ricardo | 2300** | Aug 30 | Balance c/d | 3039.98* | | | 3 845.98 | | | 3 845.98 | Sep 1 | Balance b/d | 3039.98* | | | |
| Date | Narrative | | £ | Date | Narrative | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 30 | Balance b/d | | 1345.98** | Aug 30 | Bank Charges | 56** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 30 | Correction of error | | 200** | Aug 30 | DD - Rent | 750** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 30 | CT - Ricardo | | 2300** | Aug 30 | Balance c/d | 3039.98* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 3 845.98 | | | 3 845.98 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sep 1 | Balance b/d | 3039.98* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|--|-----------------|-----------|---|---|---------------------------|--|-----------|-----------------------------|--|-----------|--|--|----------|--------------------------------|---------|--|-------|---------|--|--|--|--------|--------------------------------|--|-----------------|
| 4(b) | Rekha Singh Bank Reconciliation Statement As at 31 August 2010 | (5) 10 x * | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Balance as per cash book*</td> <td></td> <td style="text-align: right;">3 039.98*</td> </tr> <tr> <td>Less Outstanding lodgement*</td> <td></td> <td style="text-align: right;">1 485.55*</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1 554.43</td> </tr> <tr> <td>Add Unpresented cheques* 45122</td> <td style="text-align: right;">261.55*</td> <td></td> </tr> <tr> <td>45125</td> <td style="text-align: right;">399.00*</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">660.55</td> </tr> <tr> <td>Balance as per bank statement*</td> <td></td> <td style="text-align: right;"><u>214.98**</u></td> </tr> </tbody> </table> | | | £ | £ | Balance as per cash book* | | 3 039.98* | Less Outstanding lodgement* | | 1 485.55* | | | 1 554.43 | Add Unpresented cheques* 45122 | 261.55* | | 45125 | 399.00* | | | | 660.55 | Balance as per bank statement* | | <u>214.98**</u> |
| | £ | | £ | | | | | | | | | | | | | | | | | | | | | | | |
| Balance as per cash book* | | | 3 039.98* | | | | | | | | | | | | | | | | | | | | | | | |
| Less Outstanding lodgement* | | | 1 485.55* | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 1 554.43 | | | | | | | | | | | | | | | | | | | | | | | |
| Add Unpresented cheques* 45122 | 261.55* | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45125 | 399.00* | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 660.55 | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance as per bank statement* | | <u>214.98**</u> | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|---------------|
| 4(c) | <p>Award ** for each relevant point made up to maximum of 10*</p> <p>Points should include: Provide and accurate and updated bank balance**, Identification of errors made by the bank** or in the cash book**, assist in the prevention of fraud** identification of bank charges** payments made directly by customers**, payment of standing orders/direct debits**, identify returned cheques**.</p> <p>Award ** for stating that the preparation of a bank reconciliation statement could be time consuming and unnecessary for a small business.</p> | (5) 10 x * |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|--|--------------|---|---|------------|--|---------|----------------------|--|--|---------------------------|---------|--|------|---------|--|-------------|---------|--|--|--|--------------|--|--|---------|-----------------------|----------|--|------|----------|--|--|--|--------|-------------------|
| 5(a) | High and Lowe Appropriation Account Year ended 30 April 2010 <table border="1" style="margin: 10px auto; width: 80%;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Net Profit</td> <td></td> <td style="text-align: right;">79 000*</td> </tr> <tr> <td>Less Appropriations:</td> <td></td> <td></td> </tr> <tr> <td>Interest on capitals High</td> <td style="text-align: right;">2 500**</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Lowe</td> <td style="text-align: right;">1 500**</td> <td></td> </tr> <tr> <td>Salary High</td> <td style="text-align: right;">5 000**</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>9 000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">70 000*</td> </tr> <tr> <td>Share of profits High</td> <td style="text-align: right;">35 000**</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Lowe</td> <td style="text-align: right;">35 000**</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">70 000</td> </tr> </tbody> </table> | | £ | £ | Net Profit | | 79 000* | Less Appropriations: | | | Interest on capitals High | 2 500** | | Lowe | 1 500** | | Salary High | 5 000** | | | | <u>9 000</u> | | | 70 000* | Share of profits High | 35 000** | | Lowe | 35 000** | | | | 70 000 | (6) 12 x * |
| | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Profit | | 79 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Appropriations: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on capitals High | 2 500** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lowe | 1 500** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary High | 5 000** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>9 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 70 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share of profits High | 35 000** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lowe | 35 000** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 70 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|---------------|-----------|----------------------|---------------|-----------|---|--------|-----------|---------|-------|--------------|--------|--------|-------------|---------|--------|----------------------|--------|--|--|--|--------|---------|--------|--|--|--|--------|-------------------|---------|--|--|---------------|--|--|---------------|--|--|--|-------|-------------|---------|-------------------|
| 5(b) | High - Current Account <table border="1" style="margin: 10px auto; width: 80%;"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Apr 30</td> <td>Drawings*</td> <td style="text-align: right;">22 850*</td> <td>May 1</td> <td>Balance b/d*</td> <td style="text-align: right;">3 600*</td> </tr> <tr> <td>Apr 30</td> <td>Balance c/d</td> <td style="text-align: right;">23 250*</td> <td>Apr 30</td> <td>Interest on capital*</td> <td style="text-align: right;">2 500*</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Salary*</td> <td style="text-align: right;">5 000*</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Share of profits*</td> <td style="text-align: right;">35 000*</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>46 100</u></td> <td></td> <td></td> <td style="text-align: right;"><u>46 100</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>May 1</td> <td>Balance b/d</td> <td style="text-align: right;">23 250*</td> </tr> </tbody> </table> | Date | Narration | £ | Date | Narration | £ | Apr 30 | Drawings* | 22 850* | May 1 | Balance b/d* | 3 600* | Apr 30 | Balance c/d | 23 250* | Apr 30 | Interest on capital* | 2 500* | | | | Apr 30 | Salary* | 5 000* | | | | Apr 30 | Share of profits* | 35 000* | | | <u>46 100</u> | | | <u>46 100</u> | | | | May 1 | Balance b/d | 23 250* | (6) 12 x * |
| Date | Narration | £ | Date | Narration | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 30 | Drawings* | 22 850* | May 1 | Balance b/d* | 3 600* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 30 | Balance c/d | 23 250* | Apr 30 | Interest on capital* | 2 500* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Salary* | 5 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Apr 30 | Share of profits* | 35 000* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>46 100</u> | | | <u>46 100</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | May 1 | Balance b/d | 23 250* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------------------|
| 6(a)(i) | Gross profit margin Gross Profit*/Sales* x 100 | (1) 2 x * |

| Question Number | Answer | Mark |
|-----------------|--|------------------|
| 6(a)(ii) | Liquid (acid test) ratio Current assets- stock*/current liabilities* | (1) 2 x * |

| Question Number | Answer | Mark |
|-----------------|---|--------------|
| 6(a)(iii) | Rate of stock turnover Cost of sales*/average stock* (accept alternative in days) | (1) 2 x * |

| Question Number | Answer | Mark |
|-----------------|--|--------------|
| 6(b)(i) | $£650000^* \times 8\%^* = £52\ 000^{**}$ | (2) 4 x * |

| Question Number | Answer | Mark |
|-----------------|---|--------------|
| 6(b)(ii) | $£52\ 000^*/16^* \times 100 = £325\ 000^{**}$ | (2) 4 x * |

| Question Number | Answer | Mark |
|-----------------|--|---------------|
| 6(c) | <p>Award up to 4 x **** for reference to profitability; 4 x **** for reference to liquidity; and 2 x ** for appropriate conclusion.</p> <p>Sample answer Over the year the gross profit margin has fallen from 60% to 55%* and the net profit margin has fallen from 15% to 8%*. This indicates that overall the business is less successful during 2010 than in 2009. This may be due to selling goods at a lower price*, an increase in the purchase price* or increasing costs of overheads* (Max 4 ****)</p> <p>In terms of liquidity this too has fallen from 1.5:1 to 0.9:1*. This indicates a decline in the liquidity of the business over the past year to a dangerous level as it is less than 1:1*. This means that the business may be unable to meet its short term debts from its liquid assets**. (Max 4****)</p> <p>Although turnover has increased in the past year Dharma is incorrect* to claim that his business is more successful in 2010 than 2009 as both the profitability and liquidity have in fact worsened*. (Max 2**)</p> | (5) 10 x * |

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