UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS GCE Ordinary Level

## MARK SCHEME for the May/June 2010 question paper

## for the guidance of teachers

## 7110 PRINCIPLES OF ACCOUNTS

7110/23

Paper 23 (Structured), maximum raw mark 120

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

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|   | Page 2             | Mark Scheme: Teachers' version | Syllabus | Paper |
|---|--------------------|--------------------------------|----------|-------|
|   | -                  | GCE O LEVEL – May/June 2010    | 7110     | 23    |
| 1 | (a) Owner's capita | \$3 000 <b>(1)</b>             |          |       |
|   | Capital employ     | ed \$6 500 <b>(1)</b>          |          | [2]   |

(b)

| Item  | Book of prime entry<br>Cash book |     | Effects on<br>current assets<br>–\$200 |     | Effect on current liabilities No effect |     | Effect on capital |     |
|-------|----------------------------------|-----|--|-----|---|-----|-------------------|-----|
| (i)   |                                  |     |  |     |   |     |                   |     |
| (ii)  | Purchases day book               | (1) | +\$1 500                               | (1) | +\$1 500                                | (1) | No effect         | (1) |
| (iii) | Sales day book                   | (1) | +\$800                                 | (1) | No effect                               | (1) | +\$800            | (1) |
| (iv)  | Cash book                        | (1) | -\$4 000                               | (1) | No effect                               | (1) | No effect         | (1) |
| (v)   | Cash book                        | (1) | -\$1 440                               | (1) | -\$1 500                                | (1) | +\$60             | (1) |
|       |                                  |     |  |     |   |     |                   |     |

(c)

## Trial balance of Leung as at 31 May 2010

|                             | Dr            | Cr               |
|-----------------------------|---------------|------------------|
|                             | \$            | \$               |
| Gross profit                |               | 6 650 <b>(1)</b> |
| Inventory (stock)           | 4 600         | (1)              |
| Bank loan                   |               | 3 500 (1)        |
| Trade receivables (debtors) | 1 200         | (1)              |
| Trade payables (creditors)  |               | 2 100 <b>(1)</b> |
| Office equipment            | 4 000         | (1)              |
| Cash (bank)                 | 1 750         | (1)              |
| Discount received           |               | 150 <b>(1)</b>   |
| Rent and expenses           | 3 850         | (1)              |
| Capital                     |               | <u>3 000</u> (1) |
|                             | <u>15 400</u> | <u>15 400</u>    |

Marks awarded for description and figure.

[10]

[Total: 28]

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|   | Pa                 | ge 3                              | N                                  | lark Sch  | eme: Te                     | eachers                                | ' versi        | ion  | Syllabus   | Paper      |
|---|--------------------|-----------------------------------|------------------------------------|---|-----------------------------|--|----------------|--|--|------------|
| - |                    | <b>J</b>                          |                                    | GCE O L   |                             |  |                |  | 7110   | 23         |
| 2 | (a)                |                                   |                                    | Pu  | rchase l                    | _edger C                               | Contro         | I Account                                    |  |            |
|   |                    | Bank/cas<br>Discount<br>Balance   | received                           | \$<br>47 000<br><u>300</u><br><u>2 300</u><br><u>49 600</u> | (1)                         | Balanc<br>Purcha                       |                | \$<br>1 700 ('<br>47 900 ('<br><u>49 600</u> |  | [5]        |
|   | (b)                | (i) Net                           | pay of Sus<br>Salary<br>Tax and s  |   | curity                      | \$<br>950<br><u>165</u><br>785         | (1)<br>(1)of   |  |  | [2]        |
|   |                    | (ii) Cos                          | t of employ<br>Salary<br>Social se | 16<br>20  | n<br>0 × \$5 =<br>× \$7.5 = | = <u>150</u>                           | (1)of<br>(1)of |  |  | [2]        |
|   | (c)                |                                   |                                    |   |                             | Journ                                  | al             |  |  |            |
|   |                    | Wages a<br>Bank<br>Tax auth       | ind expens<br>orities              | es  | Dr<br>\$<br>1 040           |  |                | (1)of<br>(1)of<br>(1)of                      |  | [3]        |
|   | <b>(d)</b><br>Inco | ome state                         | ment (Trad                         | ling and F  | Profit an                   | Tsan<br>d Loss A                       |                | nt) for the mo                               | onth ended 31 N  | larch 2010 |
|   |                    | Purchase                          | inventory (<br>es                  |   |                             | \$<br>3 400<br><u>47 900</u><br>51 300 | (1)            | 65   | \$<br>5 000  |            |
|   |                    | Cost of s<br>Gross pr<br>Discount |                                    | ·   |                             | 2 900                                  |                | 16<br>16                                     | 3 400<br>6 600 (2)1of<br>300 (1)<br>9 900<br>2 500 (1) |            |
|   |                    | Profit for                        | the year (r                        | net profit)   |                             |  |                |  | 400 (1)of  | [6]        |
|   |                    | Alternativ                        |                                    |   | ,u                          |  |                |  |  | [0]        |

[Total: 18]

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|   | Ра  | ge 4                                  | Mark Schem   |  |                       | Syllabus                                     | Paper        |
|---|-----|---------------------------------------|--|--|-----------------------|--|--------------|
|   |     |                                       | GCE O LEV  | EL – May/Ju                                    | ne 2010               | 7110   | 23           |
| 3 | (a) | Example<br>workforc<br>OR<br>Goodwill | is the value of a busing<br>s would include reputa<br>e, regular customers <b>(1</b><br>is the difference betwe<br>ie of the business. | tion, quality c<br>).                          | of service, brand n   | ames, location, e                            | existing [2] |
|   | (b) | Money m<br>Prudence                   | neasurement<br>e   |  |                       |  | [2]<br>[2]   |
|   | (c) | Calculati                             | on:  | (i) Chan<br>⊄                                  | (ii) [                | David  |              |
|   |     | Less sha                              | 1 August 2009<br>ire of goodwill<br>September 2009   | \$<br>50 000<br><u>20 000</u><br><u>30 000</u> | (1) <u>10</u>         | \$<br>5 000<br><u>0 000</u> (1)<br>5 000 (1) | [4]          |
|   | (d) |                                       | Bala   | Newstance Sheet at                             | art<br>: 1 April 2009 |  |              |
|   |     | Non-curr                              | ent (fixed) assets   | \$   | 33                    | \$<br>3 000 <b>(1)</b>                       |              |
|   |     |                                       | / (stock)<br>ceivables (debtors)   | 12 000<br><u>7 000</u><br>19 000               | (1)                   |  |              |
|   |     | Bank ove                              | yables (creditors)<br>erdraft  | 11 000<br><u>6 000</u><br>17 000               | (1)                   |  |              |
|   |     | Net curre                             | ent assets<br>I bv <sup>.</sup>  |  |                       | <u>2 000</u><br>5 000                        |              |
|   |     | Capital –                             |  | 30 000<br>5 000                                | (1)of                 | <u>5 000</u>                                 | [6]          |

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| Page 5                     | Mark Scheme                |                        |                            |                   | Syllabus                     | Paper               |
|----------------------------|----------------------------|------------------------|----------------------------|-------------------|------------------------------|---------------------|
|                            | GCE O LEVE                 | EL – May/              | June 2010                  |                   | 7110                         | 23                  |
| <b>(e)</b><br>Income state | ement (Profit and Loss A   |                        | vstart<br>ion Accoun       | t) for the y      | ear ended 31 M               | arch 2010           |
|                            |                            | \$                     |                            |                   | \$                           |                     |
|                            | the year (net profit)      | Ψ                      |                            | 10                | 250                          |                     |
| Plus inte<br>Cha           | rest on drawings           | 7                      | 50                         |                   | (1)                          |                     |
| Davi                       |                            | <u>1 0</u>             |                            |                   | (1)                          |                     |
|                            |                            |                        |                            |                   | <u>750</u><br>000            |                     |
| Less sala<br>Cha           |                            | 8 0                    | ററ                         |                   |                              |                     |
| Dav                        |                            | <u>7 0</u>             |                            |                   | (1) for both                 | n salaries          |
|                            |                            |                        |                            |                   | <u>000)</u><br>000)          |                     |
| Share of<br>Cha            |                            | (2.0)                  | 00)                        | ,                 |                              | root oplit          |
| Davi                       |                            | (2 0)<br><u>(1 0</u> ) | ,                          |                   | (1)of if cor<br>(1)of if cor |                     |
|                            |                            |                        |                            | <u>(3</u>         | 000)                         | [5]                 |
|                            |                            |                        |                            |                   |                              | [Total: 21]         |
|                            |                            |                        |                            |                   |                              |                     |
| 4 (a) (i) Cost             | t of sales<br>Sales        |                        | \$<br>250 000              |                   |                              |                     |
|                            | Less 40% Gross             | profit                 | <u>100 000</u>             |                   |                              |                     |
|                            | Cost of sales              |                        | <u>150 000</u>             | (3)               |                              | [3]                 |
| (ii) Raw                   | v materials (purchases)    |                        | \$                         |                   |                              |                     |
|                            | Opening stock<br>Purchases |                        | 10 000<br><u>165 000</u>   | (2)of             |                              |                     |
|                            | Closing stock              |                        | 175 000<br>_ <u>25 000</u> | (1)               |                              |                     |
|                            | Cost of sales              |                        |                            | (1)of             |                              | [4]                 |
| (iii) Exp                  | enses                      |                        | \$                         |                   |                              |                     |
|                            | Gross profit<br>Expenses   | 40%                    | 100 000<br><u>80 000</u>   | (2)               |                              |                     |
|                            | Net profit                 | 8%                     | 20 000                     | (3)               |                              | [3]                 |
| (iv) Rate                  | e of inventory (stock) tur | nover                  |                            |                   |                              |                     |
|                            | Cost of goods              | sold                   | 1                          | 50 000 <b>(of</b> | )                            | /                   |
|                            | Average inventor           |                        |                            | 00 + 25 00        |                              | es <b>(3)of</b> [3] |
|                            |                            |                        |                            |                   |                              | [Total: 13]         |
|                            |                            |                        |                            |                   |                              |                     |

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| age 6 | Mark Scheme: Teachers' version                         | Syllabus          | Paper        |
|-------|--|-------------------|--------------|
|       | GCE O LEVEL – May/June 2010                            | 7110              | 23           |
| 1     | Wang Yoo   |                   |              |
| 1)    | Wang Yee<br>Manufacturing Account for the year ended 3 | 1 January 2010    |              |
|       | Manulacturing Account for the year ended a             | ST Sandary 2010   |              |
|       |  | \$\$              |              |
| Inver | tory (stock) of raw materials at 1 February 2009       | 14 700            | (1)          |
| Purcl | nases of raw materials                                 | <u>75 600</u>     | (1)          |
|       |  | 90 300            | .,           |
| Less  | Inventory (stock) of raw materials at 31 January 20    | 010 <u>16 250</u> | (1)          |
| Cost  | of raw materials consumed                              | 74 050            | (1)          |
| Direc | t factory wages (\$62 140 + \$1 120)                   | <u>63 260</u>     | (1)          |
| Prime | e cost   | 137 31            | D (1)        |
| Rent  |  | 16 800            | (1)          |
| Facto | bry managers salary                                    | 31 500            | (1)          |
|       | sion for depreciation of plant and machinery           | 11 600            | (1)          |
|       |  | 59 90             | • •          |
|       |  | 197 21            | 0            |
| Add o | decrease in work in progress (\$23 570 – \$18 780)     | 4 79              | ) <b>(1)</b> |
|       |  | 202 00            | <b>j</b> (1) |
|       | of production  | 202 00            |              |

Wang Yee

(b) Income statement (trading and profit and loss account) for the year ended 31 January 2010

|  | \$            | \$                 |
|--|---------------|--------------------|
| Revenue (sales)  |               | 342 500 <b>(1)</b> |
| Less Revenue (sales) returns                           |               | <u>1 250</u> (1)   |
|  |               | 341 250            |
| Inventory (stock) of finished goods at 1 February 2009 | 35 000        | (1)                |
| Cost of production                                     | 202 000       | (1)of              |
| Raw materials (purchases) of finished goods            | <u>15 500</u> | (1)                |
|  | 252 500       |                    |
| Inventory (stock) of finished goods at 31 January 2010 | <u>32 500</u> | (1)                |
| Cost of sales  |               | 220 000            |
| Gross profit   |               | 121 250            |
| Rent   | 11 200        | (1)                |
| Office salaries  | 41 600        | (1)                |
| Distribution costs                                     | 28 650        | (1)                |
| Sundry office expenses (\$9 870 – \$630)               | 9 240         | (1)                |
| Finance costs (loan interest) (\$2 400 + \$800)        | 3 200         | (2)                |
| Provision for depreciation of                          |               |                    |
| Office equipment (\$24 000 × 20%) \$4 800              |               |                    |
| (\$6 000 × 20% × 4 ÷ 12) 400                           | 5 200         | (2)                |
| Increase in provision for doubtful debts               | 250           | (1)                |
|  |               | 99 340             |
| Profit for the year (net profit)                       |               | <u>21 910</u> [15] |
|  |               |                    |

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| GCE O LEVEL - May/June 2010711023(c)Wang Yee<br>Balance sheet as at 31 January 2010CostDepreciation<br>to dateNBV<br>s $S$ \$\$\$\$Property (land and buildings)80 00043 60046 400 (1)<br>12 80012 800 (1)<br>200 000200 000Office equipment $\frac{30 000}{200 000}$ 17 20012 800 (1)<br>200 000139 200Current assets16 250<br>Work in progress18 780<br>Finished goods67 530(1)Trade receivables (debtors)45 000<br>111 36043 200(2)<br>(1)Cher receivables (creditors)60 700<br>(1)(1)Less: Current liabilities<br>(cacrued expenses)60 700<br>(1)(1)<br>154 910Net current assets $\frac{15 710}{154 910}$ (1)<br>(1)<br>(1)Non-current (long term) liabilities<br>8% loan repayable 31 December 2015 $\frac{40 000}{114 910}$<br>(1) of<br>(1) 14 910(1) of   | Page 7          | Mark Scheme: Tea             |               | 1            | Syllabus       | Pap            |       |
|--|-----------------|------------------------------|---------------|--------------|----------------|----------------|-------|
| Balance sheet as at 31 January 2010           Cost Depreciation to date           \$         \$         \$           Non-current (fixed) assets         \$         \$           Property (land and buildings)         80 000         43 600         46 400 (1)           Office equipment         30 000         17 200         12 800         (1)           Office equipment         30 000         17 200         12 800         (1)           Current assets         16 250         Work in progress         18 780         7530         (1)           Trade receivables (debtors)         45 000         67 530         (1)           Less: provision for doubtful debt         1 800         43 200         (2)           Other receivables (prepaid expenses)         67 530         (1)           Less: Current liabilities         7rade payables (prepaid expenses)         630         (1)           Less: Current liabilities         60 700         (1)         (1)           Ubank overdraft)         33 030         (1)         (2)           Less: Current liabilities         33 030         (1)         (1)           Net current assets         15710         (1)         (1)           Non-current (long term) liabilities <th></th> <th>GCE O LEVEL – N</th> <th>lay/June 2010</th> <th></th> <th>7110</th> <th>23</th> <th>3</th>   |                 | GCE O LEVEL – N              | lay/June 2010 |              | 7110           | 23             | 3     |
| to date<br>\$Non-current (fixed) assets<br>Property (land and buildings) $80\ 000$<br>$90\ 000$ $80\ 000$<br>$43\ 600$ $80\ 000$<br>$46\ 400$ $80\ 000$ $(1)$<br>$12\ 800$ Property (land and buildings) $80\ 000$ $80\ 000$ $43\ 600$ $46\ 400$ $(1)$<br>$200\ 000$ $60\ 800$ $13\ 92\ 00$ $12\ 800$ $(1)$ Office equipment $30\ 000$ $17\ 200$ $12\ 800$ $(1)$<br>$13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $13\ 92\ 00$ $11\ 13\ 800$ </td <td>(c)</td> <td></td> <td></td> <td>ary 2010</td> <td></td> <td></td> <td></td>   | (c)             |                              |               | ary 2010     |                |                |       |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $   |                 |                              | Cost          | •            |                |                |       |
| Property (land and buildings)       80 000       80 000       43 600       46 400       (1)         Office equipment       30 000       17 200       12 800       (1)         200 000       60 800       139 200       139 200         Current assets       16 250       139 200       139 200         Inventory (stock)       Raw materials       16 250       139 200         Work in progress       18 780       139 200       139 200         Finished goods       32 500       67 530       (1)         Trade receivables (debtors)       45 000       43 200       (2)         Less: provision for doubtful debt       1 800       111 360       (1)         Less: Current liabilities       630       (1)       (1)         Trade payables (creditors)       60 700       (1)       (1)         Other payables       (creditors)       60 700       (2)         Loan repayable within 12 months       (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)       114 910         Non-current (long term) liabilities       8% loan repayable 31 December 2015       40 000       (1)         Financed by:       Capital       110 000       114 910 <td< td=""><td></td><td></td><td>\$</td><td></td><td></td><td></td><td></td></td<>   |                 |                              | \$            |              |                |                |       |
| Plant and machinery       90 000       43 600       46 400 (1)         Office equipment       30 000       17 200       12 800       (1)         200 000       60 800       139 200       (1)         Current assets       Inventory (stock)       800       139 200       (1)         Raw materials       16 250       Work in progress       18 780         Finished goods       32 500       67 530       (1)         Trade receivables (debtors)       45 000       43 200       (2)         Less: provision for doubtful debt       1 800       (1)       (1)         Less: Current liabilities       630       (1)         Trade payables (creditors)       60 700       (1)         (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayables       (1)       15710       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       8% loan repayable 31 December 2015       40 000       (1)         Financed by:       2apital       110 000       114 910       114 910         Plus: Net profit       21 910       131 910       131 910       149 910   | <u>Non-curi</u> | rent (fixed) assets          |               |              |                |                |       |
| Office equipment         30 000<br>200 000         17 200<br>60 800         12 800<br>139 200         (1)           Current assets<br>Inventory (stock)<br>Raw materials         16 250<br>Work in progress         18 780<br>Finished goods         67 530         (1)           Trade receivables (debtors)         45 000<br>Less: provision for doubtful debt         1800<br>130         (1)           Less: Current liabilities<br>Trade payables (prepaid expenses)         43 200<br>630<br>(1)         (2)           Other receivables (prepaid expenses)         60 700<br>(1)         (1)           Less: Current liabilities<br>Trade payables (creditors)         60 700<br>(1)         (1)           Less: Current liabilities<br>(accrued expenses) (\$1 120 + \$800)         1 920<br>Loan repayable within 12 months<br>(bank overdraft)         (2)           Non-current (long term) liabilities<br>8% loan repayable 31 December 2015         40 000<br>(1)         (1)           Financed by:<br>Capital         110 000<br>Plus: Net profit         110 000<br>131 910         (1)           Less: Drawings         17 000         (1)   | Property        | (land and buildings)         | 80 000        |              | 80 000         | ) <b>(1)</b>   |       |
| 200 000         60 800         139 200           Current assets         Inventory (stock)         Raw materials         16 250           Work in progress         18 780         Finished goods         32 500           Finished goods         32 500         67 530         (1)           Trade receivables (debtors)         45 000         43 200         (2)           Other receivables (prepaid expenses)         43 200         (1)           Less: Current liabilities         111 360         (1)           Trade payables (creditors)         60 700         (1)           Other payables (creditors)         60 700         (1)           Current assets         60 700         (1)           Less: Current liabilities         (1)         (2)           Current assets         60 700         (1)           Char repayables (creditors)         60 700         (1)           Cacrued expenses) (\$1 120 + \$800)         1 920         (2)           Loan repayable within 12 months         (bank overdraft)         33 030           (hark overdraft)         33 030         (1)           Non-current (long term) liabilities         40 000         (1)           8% loan repayable 31 December 2015         40 000         (1) <t< td=""><td>Plant an</td><td>d machinery</td><td>90 000</td><td>43 60</td><td>0 46 400</td><td>) (1)</td><td></td></t<>  | Plant an        | d machinery                  | 90 000        | 43 60        | 0 46 400       | ) (1)          |       |
| 200 000         60 800         139 200           Current assets         Inventory (stock)         Raw materials         16 250           Work in progress         18 780         Finished goods         32 500           Finished goods         32 500         67 530         (1)           Trade receivables (debtors)         45 000         43 200         (2)           Other receivables (prepaid expenses)         43 200         (2)           Other receivables (prepaid expenses)         60 700         (1)           Less: Current liabilities         111 360         (1)           Trade payables (creditors)         60 700         (1)           Other payables (creditors)         60 700         (1)           Cacar repayables (creditors)         60 700         (2)           Loan repayable within 12 months         (bank overdraft)         33 030         (1)           Net current assets         15710         (1)         154 910           Non-current (long term) liabilities         8% loan repayable 31 December 2015         40 000         (1)           Financed by:         21 910         114 910         114 910         114 910           Less: Drawings         17 000         110 000         114 910         114 910   | Office ed       | quipment                     | 30 000        | <u>17 20</u> | 0 12 800       | ) (1)          |       |
| Inventory (stock)<br>Raw materials16 250<br>Work in progress18 780<br>32 500Finished goods32 500Trade receivables (debtors)45 000<br>$1 800$ Less: provision for doubtful debt1 800Q43 200Other receivables (prepaid expenses) $\frac{630}{111 360}$ Less: Current liabilities<br>Trade payables (creditors)60 700Other payables<br>(accrued expenses) (\$1 120 + \$800)1 920(2)<br>Loan repayable within 12 months<br>(bank overdraft)33 030Net current assets $\frac{15 710}{154 910}$ Non-current (long term) liabilities<br>8% loan repayable 31 December 2015 $\frac{40 000}{114 910}$ Financed by:<br>Capital110 000<br>131 910Plus: Net profit $\frac{21 910}{131 910}$ Less: Drawings17 000  |                 |                              |               |              |                |                |       |
| Raw materials       16 250         Work in progress       18 780         Finished goods       32 500         67 530       (1)         Trade receivables (debtors)       45 000         Less: provision for doubtful debt       1800         0ther receivables (prepaid expenses)       43 200       (2)         0ther receivables (prepaid expenses)       630       (1)         Less: Current liabilities       1111 360       (1)         Trade payables (creditors)       60 700       (1)         Other payables       (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months       (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       40 000       (1)         8% loan repayable 31 December 2015       40 000       (1)         Financed by:       21 910       114 910         Capital       110 000       114 910         Plus: Net profit       21 910       131 910         Less: Drawings       17 000   | Current :       | <u>assets</u>                |               |              |                | -              |       |
| Work in progress       18 780         Finished goods       32 500         67 530       (1)         Trade receivables (debtors)       45 000         Less: provision for doubtful debt       1800         0       43 200       (2)         Other receivables (prepaid expenses)       43 200       (1)         Less: Current liabilities       60 700       (1)         Trade payables (creditors)       60 700       (1)         Other payables       (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months       (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)       (1)         Non-current (long term) liabilities       40 000       (1)       (1)         Non-current (long term) liabilities       40 000       (1)       (1)         Financed by:       21 910       114 910       (1)         Capital       110 000       114 910       114 910         Plus: Net profit       21 910       131 910       121 910         Less: Drawings       17 000       1120 00       1120 00   | Inventor        | y (stock)                    |               |              |                |                |       |
| Finished goods $32500$<br>(1)Trade receivables (debtors) $45000$<br>$1800$ Less: provision for doubtful debt $1800$ Other receivables (prepaid expenses) $43200$<br>$630$<br>(1)Less: Current liabilities<br>Trade payables (creditors) $60700$<br>$00 \text{ ther payables}$<br>(accrued expenses) (\$1 120 + \$800) $1920$<br>$1920$<br>Loan repayable within 12 months<br>(bank overdraft)(2)<br>$154910$ Net current assets $\frac{15710}{154910}$<br>(1)(1)Non-current (long term) liabilities<br>$8\%$ loan repayable 31 December 2015 $\frac{40000}{114910}$<br>(1)Financed by:<br>Capital $\frac{21910}{131910}$<br>$131910$ Less: Drawings $17000$  | Raw             | / materials                  | 16 250        |              |                |                |       |
| Finished goods       32 500<br>(1)         Trade receivables (debtors)       45 000<br>(1)         Less: provision for doubtful debt       1800<br>(1)         Other receivables (prepaid expenses)       43 200<br>(630)<br>(1)         Less: Current liabilities<br>Trade payables (creditors)       60 700<br>(1)         Other payables (creditors)       60 700<br>(1)         Other payables (creditors)       60 700<br>(2)         Loan repayable within 12 months<br>(bank overdraft)       1 920<br>(2)         Net current assets       15 710<br>(1)         Non-current (long term) liabilities<br>8% loan repayable 31 December 2015       40 000<br>(1)         Financed by:<br>Capital       110 000<br>Plus: Net profit         21 910<br>(131 910       110 000         Plus: Net profit       21 910<br>(131 910         Less: Drawings       17 000  | Wor             | k in progress                | 18 780        |              |                |                |       |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $   |                 |                              | 32 500        |              |                |                |       |
| Trade receivables (debtors)45 000Less: provision for doubtful debt $1800$ Other receivables (prepaid expenses) $630$ 111 360(1)Less: Current liabilitiesTrade payables (creditors)60 700Other payables(accrued expenses) (\$1 120 + \$800)(accrued expenses) (\$1 120 + \$800)1 920Loan repayable within 12 months(2)(bank overdraft)33 030Net current assets $\frac{15 710}{154 910}$ Non-current (long term) liabilities8% loan repayable 31 December 2015 $\frac{40 000}{114 910}$ Financed by:Capital110 000Plus: Net profit $\frac{21 910}{131 910}$ Less: Drawings $17 000$  |                 |                              | <u></u>       | 67 53        | 0              | (1)            |       |
| Less: provision for doubtful debt $1800$ Other receivables (prepaid expenses) $43200$<br>$630$<br>$111360$ Less: Current liabilities<br>Trade payables (creditors) $60700$<br>$0111360$ Current gayables (creditors) $60700$<br>$0100$ Other payables<br>(accrued expenses) (\$1 120 + \$800) $1920$<br>$1920$ Loan repayable within 12 months<br>(bank overdraft) $33030$<br>$15710$<br>$154910$ Net current assets $\frac{15710}{154910}$<br>$114910$ Non-current (long term) liabilities<br>$8\%$ loan repayable 31 December 2015 $\frac{40000}{114910}$<br>$114910$ Financed by:<br>Capital $110000$<br>$131910$<br>$131910$ Less: Drawings $17000$  | Trade re        | ceivables (debtors)          | 45 000        |              |                | ( )            |       |
| $\begin{array}{c cccc} & 43 \ 200 & (2) \\ \hline & 0 \ \mbox{ther receivables (prepaid expenses)} & & \frac{630}{111 \ 360} & (1) \\ \hline & \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \$  |                 | · · · · ·                    |               |              |                |                |       |
| Other receivables (prepaid expenses)       630<br>111 360       (1)         Less: Current liabilities<br>Trade payables (creditors)       60 700       (1)         Other payables<br>(accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months<br>(bank overdraft)       33 030       (1)         Net current assets       15 710<br>154 910       (1)         Non-current (long term) liabilities<br>8% loan repayable 31 December 2015       40 000<br>114 910       (1)         Financed by:<br>Capital       110 000<br>Plus: Net profit       110 000<br>21 910<br>131 910       (1)         Less: Drawings       17 000   | 2000. pr        |                              |               | 43 20        | 0              | (2)            |       |
| Less: Current liabilities<br>Trade payables (creditors)60 700(1)Other payables<br>(accrued expenses) (\$1 120 + \$800)1 920(2)Loan repayable within 12 months<br>(bank overdraft)33 030(1)Net current assets $\frac{15 710}{154 910}$ (1)Non-current (long term) liabilities<br>8% loan repayable 31 December 2015 $\frac{40 000}{114 910}$ (1)Financed by:<br>Capital110 000<br>21 910<br>131 910110 000<br>131 910(1)Less: Drawings17 000  | Other re        | ceivables (prepaid expenses) |               |              |                |                |       |
| Less: Current liabilities       60 700       (1)         Other payables       (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months       (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       95 650       (1)         8% loan repayable 31 December 2015       40 000       (1)         Financed by:       21 910       110 000         Plus: Net profit       21 910       131 910         Less: Drawings       17 000       17 000   |                 |                              |               |              |                | (')            |       |
| Trade payables (creditors)       60 700       (1)         Other payables       (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months       (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       15 4 910       (1)         8% loan repayable 31 December 2015       40 000       (1)         Financed by:       110 000       114 910         Capital       110 000       131 910         Less: Drawings       17 000       17 000   | Less: Ci        | rrent liabilities            |               | 111.00       | 0              |                |       |
| Other payables<br>(accrued expenses) (\$1 120 + \$800)1 920(2)Loan repayable within 12 months<br>(bank overdraft) $33 030$ (1)Net current assets $\frac{15 710}{154 910}$ (1)Non-current (long term) liabilities<br>8% loan repayable 31 December 2015 $\frac{40 000}{114 910}$ (1)Financed by:<br>Capital110 000<br>21 910<br>131 910110 000<br>21 910<br>131 910110 000<br>21 910<br>131 910   |                 |                              | 60 700        |              |                | (1)            |       |
| (accrued expenses) (\$1 120 + \$800)       1 920       (2)         Loan repayable within 12 months       33 030       (1)         (bank overdraft)       33 030       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       154 910       (1)         8% loan repayable 31 December 2015       40 000       (1)         Financed by:       40 000       (1)         Capital       110 000       114 910         Plus: Net profit       21 910       131 910         Less: Drawings       17 000  |                 |                              | 00700         |              |                | (1)            |       |
| Loan repayable within 12 months<br>(bank overdraft) $33\ 030$ (1)Net current assets $\frac{15\ 710}{154\ 910}$ (1)Non-current (long term) liabilities<br>8% loan repayable 31 December 2015 $\frac{40\ 000}{114\ 910}$ (1)Financed by:<br>Capital110\ 000<br>21\ 910<br>131\ 910110\ 000<br>21\ 910(1)Less: Drawings $\frac{17\ 000}{17\ 000}$ (1)   | •               | -                            | 1 020         |              |                | (2)            |       |
| (bank overdraft)       33 030       (1)         95 650       15 710       (1)         Net current assets       15 710       (1)         Non-current (long term) liabilities       40 000       (1)         8% loan repayable 31 December 2015       40 000       (1)         Financed by:       40 000       (1)         Capital       110 000       114 910         Plus: Net profit       21 910       131 910         Less: Drawings       17 000   | •               | . , . ,                      | 1 920         |              |                | (2)            |       |
| Net current assets <u>95 650</u> <u>15 710</u> (1) <u>154 910</u> (1) <u>154 910</u> (1) <u>154 910</u> (1) <u>154 910</u> (1) <u>114 910</u> (1) <u>114 910</u> (1) <u>114 910</u> (1) <u>113 910</u> Less: Drawings <u>17 000</u>  | •               | •                            | 22.020        |              |                | (4)            |       |
| Net current assets <sup>15 710</sup> / <sub>154 910</sub> (1) <sup>154 910</sup> (1) <sup>154 910</sup> (1) <sup>154 910</sup> (1) <sup>114 910</sup> (1) <sup>114 910</sup> (1) <sup>114 910</sup> (1) <sup>114 910</sup> (1) <sup>113 910</sup> Less: Drawings <sup>110 000</sup> <sup>117 000</sup> | (bank ov        | erurait)                     | <u>33 030</u> |              | 0              | (1)            |       |
| Non-current (long term) liabilities       154 910         8% loan repayable 31 December 2015       40 000 (1) (1) (114 910)         Financed by:       110 000         Capital       110 000         Plus: Net profit       21 910 (131 910)         Less: Drawings       17 000   | Niet er um      |                              |               | 93 63        |                |                |       |
| Non-current (long term) liabilities           8% loan repayable 31 December 2015         40 000<br>114 910           Financed by:         110 000           Capital         110 000           Plus: Net profit         21 910<br>131 910           Less: Drawings         17 000   | net curre       | entassets                    |               |              |                |                |       |
| 8% loan repayable 31 December 2015       40 000<br>114 910         Financed by:       110 000         Capital       110 000         Plus: Net profit       21 910         131 910       137 000  | N               |                              |               |              | 154 910        | )              |       |
| Financed by:     114 910       Capital     110 000       Plus: Net profit     21 910       I31 910     137 000   |                 |                              | -             |              | 40.000         |                |       |
| Financed by:       110 000         Capital       110 000         Plus: Net profit       21 910         I31 910       137 000   | 8% loan         | repayable 31 December 2015   | )             |              |                |                |       |
| Capital       110 000         Plus: Net profit       21 910         131 910       137 000  | <b>-</b> ·      |                              |               |              | <u>114 910</u> | <u>)</u>       |       |
| Plus: Net profit         21 910           131 910         137 000  |                 | а ру:                        |               |              | •              |                |       |
| Less: Drawings   |                 |                              |               |              |                |                |       |
| Less: Drawings   | Plus: Ne        | t profit                     |               |              |                |                |       |
|  |                 |                              |               |              |                |                |       |
| <u>114 910</u> (1)of   | Less: Dr        | awings                       |               | 17 00        |                | _              |       |
|  |                 |                              |               |              | <u>114 910</u> | <u>)</u> (1)of | [1    |
|  |                 |                              |               |              |                |                |       |
| [Tot   |                 |                              |               |              |                | [Tot           | al: 4 |

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