

---

**PRINCIPLES OF ACCOUNTS**

**7110/21**

Paper 2 Structured

**October/November 2019**

MARK SCHEME

Maximum Mark: 120

---

**Published**

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

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

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

Cambridge International is publishing the mark schemes for the October/November 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

---

This document consists of **15** printed pages.

**PUBLISHED****Generic Marking Principles**

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

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

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

**GENERIC MARKING PRINCIPLE 2:**

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

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

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

**GENERIC MARKING PRINCIPLE 4:**

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

**GENERIC MARKING PRINCIPLE 5:**

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

**GENERIC MARKING PRINCIPLE 6:**

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

Question	Answer						Marks	
1(a)(i)	Stationery account						<b>4</b>	
	Date	Details	\$	Date	Details	\$		
	2018			2018				
	Oct 1	Balance b/d	350					
	Dec23	Walker	1200 }					
	2019			2019				
	June14	Walker	600 } <b>(1)both</b>	Sep 30	Income statement	1700 <b>(1)OF</b>		
			—	Sep 30	Balance c/d	<u>450</u>		
			<u>2150</u>			<u>2150</u>		
	Oct 1	Balance b/d	450					
			<b>(1)</b>					
Dates <b>(1)</b>								

Question	Answer						Marks																																																												
1(a)(ii)	<p style="text-align: center;">Rent receivable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Oct 1</td> <td>Balance b/d</td> <td>200</td> <td>Oct 3</td> <td>Bank</td> <td>800}</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Sep 30</td> <td>Income statement</td> <td>2400 <b>(1)OF</b></td> <td>Feb 5</td> <td>Bank</td> <td>800}</td> </tr> <tr> <td></td> <td></td> <td></td> <td>July 6</td> <td>Bank</td> <td>600} <b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">_____</td> <td>Sep 30</td> <td>Balance c/d</td> <td><u>400</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>2600</u></td> <td></td> <td></td> <td style="text-align: center;"><u>2600</u></td> </tr> <tr> <td>Oct 1</td> <td>Balance b/d</td> <td>400</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><b>(1)OF</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Dates <b>(1)</b></p>						Date	Details	\$	Date	Details	\$	2018			2018			Oct 1	Balance b/d	200	Oct 3	Bank	800}	2019			2019			Sep 30	Income statement	2400 <b>(1)OF</b>	Feb 5	Bank	800}				July 6	Bank	600} <b>(1)</b>			_____	Sep 30	Balance c/d	<u>400</u>			<u>2600</u>			<u>2600</u>	Oct 1	Balance b/d	400						<b>(1)OF</b>				<b>4</b>
Date	Details	\$	Date	Details	\$																																																														
2018			2018																																																																
Oct 1	Balance b/d	200	Oct 3	Bank	800}																																																														
2019			2019																																																																
Sep 30	Income statement	2400 <b>(1)OF</b>	Feb 5	Bank	800}																																																														
			July 6	Bank	600} <b>(1)</b>																																																														
		_____	Sep 30	Balance c/d	<u>400</u>																																																														
		<u>2600</u>			<u>2600</u>																																																														
Oct 1	Balance b/d	400																																																																	
		<b>(1)OF</b>																																																																	
1(b)	General/nominal ledger <b>(1)</b>						<b>1</b>																																																												
1(c)	Current assets <b>(1)</b>						<b>1</b>																																																												

**PUBLISHED**

<b>Question</b>	<b>Answer</b>			<b>Marks</b>
1(d)	Transaction	Business document	Book of prime(original) entry	<b>10</b>
	Sold goods on credit to Yan.	<i>Sales invoice</i>	<i>Sales journal</i>	
	Paid wages by cheque.	Wages sheet / payroll register <b>(1)</b>	Cash book <b>(1)</b>	
	Goods sold on credit to Chow were returned.	Credit note <b>(1)</b>	Sales returns journal <b>(1)</b>	
	Purchased goods by cash.	Receipt <b>(1)</b>	Cash book <b>(1)</b>	
	Sold motor vehicle on credit.	Sales invoice <b>(1)</b>	General journal <b>(1)</b>	
	Purchase goods on credit from Mary.	Purchase invoice <b>(1)</b>	Purchases journal <b>(1)</b>	

**PUBLISHED**

Question	Answer	Marks												
2(a)	Is an estimate of the loss in value of a non-current asset <b>(1)</b> over its expected working life. <b>(1)</b>	<b>2</b>												
2(b)	<table border="1" data-bbox="331 288 1227 619"> <thead> <tr> <th data-bbox="331 288 607 421">Yearly</th> <th data-bbox="607 288 869 421">Straight-line \$</th> <th data-bbox="869 288 1227 421">Diminishing (reducing) balance \$</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 421 607 485">2020</td> <td data-bbox="607 421 869 485">3500 }</td> <td data-bbox="869 421 1227 485">6000 <b>(1)</b></td> </tr> <tr> <td data-bbox="331 485 607 549">2021</td> <td data-bbox="607 485 869 549">3500 }</td> <td data-bbox="869 485 1227 549">3000 <b>(1)OF</b></td> </tr> <tr> <td data-bbox="331 549 607 619">2022</td> <td data-bbox="607 549 869 619">3500 <b>}(1)</b></td> <td data-bbox="869 549 1227 619">1500 <b>(1)OF</b></td> </tr> </tbody> </table>	Yearly	Straight-line \$	Diminishing (reducing) balance \$	2020	3500 }	6000 <b>(1)</b>	2021	3500 }	3000 <b>(1)OF</b>	2022	3500 <b>}(1)</b>	1500 <b>(1)OF</b>	<b>4</b>
Yearly	Straight-line \$	Diminishing (reducing) balance \$												
2020	3500 }	6000 <b>(1)</b>												
2021	3500 }	3000 <b>(1)OF</b>												
2022	3500 <b>}(1)</b>	1500 <b>(1)OF</b>												
2(c)	The business will get equal usage <b>(1)</b> from the motor vehicle each year and therefore should charge equal depreciation <b>(1)</b> . <b>Accept other valid points.</b>	<b>2</b>												
2(d)	The net book value <b>(1)</b> of the delivery vehicle will be closer to the market value <b>(1)</b> than the straight line method. The profits will be more accurate. <b>(1)</b> <b>Max2</b> <b>Accept other valid points.</b>	<b>2</b>												
2(e)	At the end of each year the closing valuation is compared with the opening valuation <b>(1)</b> . The difference represents the depreciation for the year <b>(1)</b> . <b>Accept other valid points.</b>	<b>2</b>												
2(f)	$4400 - 2600 = 1800 - 225$ <b>(1)</b> $= 1575 - 900 = 675$ loss <b>(1)OF</b>	<b>2</b>												

Question	Answer				Marks
2(g)	Account to be debited	\$	Account to be credited	\$	<b>6</b>
	Disposal	4400 <b>(1)</b>	Office computer	4400 <b>(1)</b>	
	Provision for depreciation of office computer	2825 <b>(1)OF</b>	Disposal	2825 <b>(1)OF</b>	
	Bank	900 <b>(1)</b>	Disposal	900 <b>(1)</b>	



Question	Answer	Marks																																	
3(a)(i)	$252000 \cdot \frac{100}{140} = 180000$ (1) (1)	2																																	
3(a)(ii)	$130000 \cdot \frac{80}{100} = 104000$ (1) (1)	2																																	
3(a)(b)	<p style="text-align: center;">Primrose Garden Store Departmental Trading Account for the year ended 30 September 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Plants</th> <th style="width: 35%; text-align: center;">Tools</th> </tr> <tr> <td></td> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">252 000</td> <td style="text-align: center;">130 000</td> </tr> <tr> <td>Less</td> <td></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: center;"><u>(180 000)</u> (1)OF</td> <td style="text-align: center;"><u>(104 000)</u> (1)OF</td> </tr> <tr> <td></td> <td style="text-align: center;">72 000 (1)OF</td> <td style="text-align: center;">26 000 (1)OF</td> </tr> <tr> <td>less</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: center;">(38 000)</td> <td style="text-align: center;">(17 000) (1) both</td> </tr> <tr> <td>Direct expenses</td> <td style="text-align: center;"><u>(3 780)</u> (1)</td> <td style="text-align: center;"><u>(1 950)</u> (1)</td> </tr> <tr> <td></td> <td style="text-align: center;"><u>(41 780)</u></td> <td style="text-align: center;"><u>(18 950)</u></td> </tr> <tr> <td>Departmental profit</td> <td style="text-align: center;"><u>30 220</u></td> <td style="text-align: center;"><u>7 050</u> (1)OF both</td> </tr> </tbody> </table>		Plants	Tools		\$	\$	Revenue	252 000	130 000	Less			Cost of sales	<u>(180 000)</u> (1)OF	<u>(104 000)</u> (1)OF		72 000 (1)OF	26 000 (1)OF	less			Wages	(38 000)	(17 000) (1) both	Direct expenses	<u>(3 780)</u> (1)	<u>(1 950)</u> (1)		<u>(41 780)</u>	<u>(18 950)</u>	Departmental profit	<u>30 220</u>	<u>7 050</u> (1)OF both	8
	Plants	Tools																																	
	\$	\$																																	
Revenue	252 000	130 000																																	
Less																																			
Cost of sales	<u>(180 000)</u> (1)OF	<u>(104 000)</u> (1)OF																																	
	72 000 (1)OF	26 000 (1)OF																																	
less																																			
Wages	(38 000)	(17 000) (1) both																																	
Direct expenses	<u>(3 780)</u> (1)	<u>(1 950)</u> (1)																																	
	<u>(41 780)</u>	<u>(18 950)</u>																																	
Departmental profit	<u>30 220</u>	<u>7 050</u> (1)OF both																																	

Question	Answer	Marks																																										
3(c)	Pension contributions (1) Trade union subscriptions (1) Social club contributions (1) Donations to charities (1) Health care (1)  <b>Max 3</b> <b>Accept other acceptable points</b>	<b>3</b>																																										
3(d)(i)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: center;">Wages account</th> </tr> <tr> <th style="width: 16.6%;">Date</th> <th style="width: 16.6%;">Details</th> <th style="width: 16.6%;">\$</th> <th style="width: 16.6%;">Date</th> <th style="width: 16.6%;">Details</th> <th style="width: 16.6%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>30 Sep</td> <td>Cash</td> <td style="text-align: right;">3940 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Income tax</td> <td style="text-align: right;">950 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Voluntary con</td> <td style="text-align: right;">510 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Wages account						Date	Details	\$	Date	Details	\$	2019			2019			30 Sep	Cash	3940 (1)					Income tax	950 (1)					Voluntary con	510 (1)										<b>3</b>
Wages account																																												
Date	Details	\$	Date	Details	\$																																							
2019			2019																																									
30 Sep	Cash	3940 (1)																																										
	Income tax	950 (1)																																										
	Voluntary con	510 (1)																																										
3(d)(ii)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: center;">Income tax account</th> </tr> <tr> <th style="width: 16.6%;">Date</th> <th style="width: 16.6%;">Details</th> <th style="width: 16.6%;">\$</th> <th style="width: 16.6%;">Date</th> <th style="width: 16.6%;">Details</th> <th style="width: 16.6%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>9 Oct</td> <td>Bank</td> <td style="text-align: right;">950 (1)</td> <td>30 Sep</td> <td>Wages</td> <td style="text-align: right;">950 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Income tax account						Date	Details	\$	Date	Details	\$	2019			2019			9 Oct	Bank	950 (1)	30 Sep	Wages	950 (1)							<b>2</b>												
Income tax account																																												
Date	Details	\$	Date	Details	\$																																							
2019			2019																																									
9 Oct	Bank	950 (1)	30 Sep	Wages	950 (1)																																							

Question	Answer			Marks	
4(a)		Workings	Answer	<b>10</b>	
	Cost of sales	$400\,000 \cdot \frac{100}{125} =$ <b>125 (1)</b>	\$320 000 <b>(1)</b>		
	Purchases	$320\,000 - 35\,000 + 68\,000 =$ <b>(1) two correct elements</b>	\$353 000 <b>(1)OF</b>		
	Percentage of gross profit to revenue (gross profit margin)	$\frac{\text{Gross profit } 80\,000 \text{ (1)}}{\text{Revenue } 400\,000} \cdot 100 =$	20% <b>(1)OF</b>		
	Percentage of profit for the year to revenue (profit margin)	$\frac{\text{Profit for the year } 28\,000 \text{ (1)}}{\text{Revenue } 400\,000} \cdot 100 =$	7% <b>(1)OF</b>		
	Return on capital employed (ROCE)	$\frac{28\,000 \text{ of } \text{ (1)}}{150\,000 + 50\,000 \text{ (1)}} \cdot 100 =$	14% <b>(1)OF</b>		

**PUBLISHED**

Question	Answer	Marks
4(b)	<p><b>Own figure rule applies.</b></p> <p><b>Percentage of gross profit to revenue</b>  Lower percentage possibly due to high purchasing costs  Increased competition  Selling price reduction  Lower mark-up</p> <p><b>Percentage of profit for the year to revenue</b>  Lower percentage due to higher expenses  Lower gross profit  Higher expenses</p> <p><b>Return on capital employed</b>  Lower return due to increase in bank loans  Increase in capital  Reduction in drawings</p> <p>4 x <b>(1)</b> per valid point. Max 2 marks for any ratio.</p>	<b>4</b>

**PUBLISHED**

Question	Answer				Marks	
4(c)	Effect on profit for the year			Accounting principle or concept not applied	<b>6</b>	
		Increase	Decrease	No effect		
	Value closing inventory at cost price plus mark up	✓				Historic cost
	Remove provision for doubtful debts from financial statements	✓ (1)				Prudence (1)
	Place a value on the satisfaction and loyalty of customers			✓ (1)		Money measurement (1)
	Make <b>no</b> adjustment for expenses prepaid at year end		✓ (1)			Accruals/matching (1)

**PUBLISHED**

Question	Answer	Marks																																																																																																																												
5(a)	<p style="text-align: center;">Feng Income Statement for the year ended 30 September 2019</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">326 000</td> <td></td> </tr> <tr> <td>Returns inwards</td> <td></td> <td style="text-align: right;"><u>(4 300)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">321 700</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Inventory at 1 October 2018</td> <td style="text-align: right;">30 000</td> <td></td> <td></td> </tr> <tr> <td>Purchases 135 000 + 1950</td> <td style="text-align: right;">136 950</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>2 700</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">169 650</td> <td></td> <td></td> </tr> <tr> <td>Inventory at 30 September 2019</td> <td style="text-align: right;"><u>(35 550)</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>(134 100)</u></td> <td style="text-align: right;">(1)+w</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">187 600</td> <td style="text-align: right;">(1of)+w</td> </tr> <tr> <td>Other incomes</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent receivable</td> <td style="text-align: right;">14 500 + 1500</td> <td style="text-align: right;">16 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Profit on disposal</td> <td></td> <td style="text-align: right;"><u>8 500</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">212 100</td> <td></td> </tr> <tr> <td>Carriage outwards</td> <td style="text-align: right;">6 300</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Wages and salaries</td> <td style="text-align: right;">90 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Motor vehicle expenses</td> <td style="text-align: right;">11 250</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">2 700 – 200</td> <td style="text-align: right;">2 500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank interest</td> <td></td> <td style="text-align: right;">2 400</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Electricity and water</td> <td style="text-align: right;">6 050 + 750</td> <td style="text-align: right;">6 800</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Marketing expenses</td> <td></td> <td style="text-align: right;">17 300</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>General expenses</td> <td></td> <td style="text-align: right;">14 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bad debt</td> <td></td> <td style="text-align: right;">7 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Increase provision for doubtful debts</td> <td></td> <td style="text-align: right;">500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Provisions for depreciation</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Land and buildings</td> <td style="text-align: right;">2 200</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>    Motor vehicles</td> <td style="text-align: right;">9 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>    Fixtures and fittings</td> <td style="text-align: right;"><u>700</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>(169 950)</u></td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>42 150</u></td> <td></td> </tr> </tbody> </table>		\$	\$		Revenue		326 000		Returns inwards		<u>(4 300)</u>				321 700	(1)	Inventory at 1 October 2018	30 000			Purchases 135 000 + 1950	136 950		(1)	Carriage inwards	<u>2 700</u>		(1)		169 650			Inventory at 30 September 2019	<u>(35 550)</u>			Cost of sales		<u>(134 100)</u>	(1)+w	Gross profit		187 600	(1of)+w	Other incomes				Rent receivable	14 500 + 1500	16 000	(1)	Profit on disposal		<u>8 500</u>	(1)			212 100		Carriage outwards	6 300		(1)	Wages and salaries	90 000		(1)	Motor vehicle expenses	11 250		(1)	Insurance	2 700 – 200	2 500	(1)	Bank interest		2 400	(1)	Electricity and water	6 050 + 750	6 800	(1)	Marketing expenses		17 300	(1)	General expenses		14 000	(1)	Bad debt		7 000	(1)	Increase provision for doubtful debts		500	(1)	Provisions for depreciation				Land and buildings	2 200		(1)	Motor vehicles	9 000		(1)	Fixtures and fittings	<u>700</u>		(1)			<u>(169 950)</u>		Profit for the year		<u>42 150</u>		<b>20</b>
	\$	\$																																																																																																																												
Revenue		326 000																																																																																																																												
Returns inwards		<u>(4 300)</u>																																																																																																																												
		321 700	(1)																																																																																																																											
Inventory at 1 October 2018	30 000																																																																																																																													
Purchases 135 000 + 1950	136 950		(1)																																																																																																																											
Carriage inwards	<u>2 700</u>		(1)																																																																																																																											
	169 650																																																																																																																													
Inventory at 30 September 2019	<u>(35 550)</u>																																																																																																																													
Cost of sales		<u>(134 100)</u>	(1)+w																																																																																																																											
Gross profit		187 600	(1of)+w																																																																																																																											
Other incomes																																																																																																																														
Rent receivable	14 500 + 1500	16 000	(1)																																																																																																																											
Profit on disposal		<u>8 500</u>	(1)																																																																																																																											
		212 100																																																																																																																												
Carriage outwards	6 300		(1)																																																																																																																											
Wages and salaries	90 000		(1)																																																																																																																											
Motor vehicle expenses	11 250		(1)																																																																																																																											
Insurance	2 700 – 200	2 500	(1)																																																																																																																											
Bank interest		2 400	(1)																																																																																																																											
Electricity and water	6 050 + 750	6 800	(1)																																																																																																																											
Marketing expenses		17 300	(1)																																																																																																																											
General expenses		14 000	(1)																																																																																																																											
Bad debt		7 000	(1)																																																																																																																											
Increase provision for doubtful debts		500	(1)																																																																																																																											
Provisions for depreciation																																																																																																																														
Land and buildings	2 200		(1)																																																																																																																											
Motor vehicles	9 000		(1)																																																																																																																											
Fixtures and fittings	<u>700</u>		(1)																																																																																																																											
		<u>(169 950)</u>																																																																																																																												
Profit for the year		<u>42 150</u>																																																																																																																												

Question	Answer			Marks																																																																																																																								
5(b)	<p style="text-align: center;">Feng Statement of Financial Position at 30 September 2019</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">Cost</th> <th style="width: 20%; text-align: center;">Accumulated depreciation</th> <th style="width: 20%; text-align: center;">Net book value</th> </tr> <tr> <td></td> <th style="text-align: center;">\$\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Land and buildings</td> <td style="text-align: right;">170 000</td> <td style="text-align: right;">20 800</td> <td style="text-align: right;">149 200 (1)OF</td> </tr> <tr> <td>Motor vehicles</td> <td style="text-align: right;">46 000 (1)</td> <td style="text-align: right;">19 000</td> <td style="text-align: right;">27 000 (1)OF</td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;"><u>7 000</u></td> <td style="text-align: right;"><u>2 100</u></td> <td style="text-align: right;"><u>4 900 (1)OF</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>223 000</u></td> <td style="text-align: right;"><u>41 900</u></td> <td style="text-align: right;">81 100 (1)OF</td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> <td style="text-align: right;">35 550 (1)</td> <td></td> </tr> <tr> <td>Trade receivables (35 000 – 7000)</td> <td style="text-align: right;">28 000 (1)</td> <td></td> <td></td> </tr> <tr> <td>Less Provision for doubtful debts</td> <td style="text-align: right;"><u>(1 400) (1)OF</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">26 600 (1)OF</td> <td></td> </tr> <tr> <td>Other receivables 1500 (1) + 200 (1)</td> <td></td> <td style="text-align: right;">1 700</td> <td></td> </tr> <tr> <td>Bank 27 450 (1) – 16 000 (1)</td> <td></td> <td style="text-align: right;"><u>11 450</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>75 300</u></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>256 400</u></td> </tr> <tr> <td>Capital:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital</td> <td></td> <td style="text-align: right;">160 000</td> <td></td> </tr> <tr> <td>Plus Profit for the year</td> <td></td> <td style="text-align: right;"><u>42 150 (1)OF</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">202 150</td> <td></td> </tr> <tr> <td>Drawings</td> <td></td> <td style="text-align: right;"><u>(25 000)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">177 150 (1)OF</td> </tr> <tr> <td>Non-current liabilities/Long term liabilities (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>6% loan</td> <td></td> <td></td> <td style="text-align: right;">40 000 (1)</td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables 36 550 (1) + 1950 (1)</td> <td style="text-align: right;">38 500</td> <td></td> <td></td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;"><u>750 (1)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>39 250</u></td> </tr> <tr> <td>Total capital and liabilities</td> <td></td> <td></td> <td style="text-align: right;"><u>256 400</u></td> </tr> <tr> <td>Alternative presentations accepted</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Cost	Accumulated depreciation	Net book value		\$\$	\$	\$	Non-current assets				Land and buildings	170 000	20 800	149 200 (1)OF	Motor vehicles	46 000 (1)	19 000	27 000 (1)OF	Fixtures and fittings	<u>7 000</u>	<u>2 100</u>	<u>4 900 (1)OF</u>		<u>223 000</u>	<u>41 900</u>	81 100 (1)OF	Current assets				Inventory		35 550 (1)		Trade receivables (35 000 – 7000)	28 000 (1)			Less Provision for doubtful debts	<u>(1 400) (1)OF</u>					26 600 (1)OF		Other receivables 1500 (1) + 200 (1)		1 700		Bank 27 450 (1) – 16 000 (1)		<u>11 450</u>					<u>75 300</u>	Total assets			<u>256 400</u>	Capital:				Capital		160 000		Plus Profit for the year		<u>42 150 (1)OF</u>				202 150		Drawings		<u>(25 000)</u>					177 150 (1)OF	Non-current liabilities/Long term liabilities (1)				6% loan			40 000 (1)	Current liabilities				Trade payables 36 550 (1) + 1950 (1)	38 500			Other payables	<u>750 (1)</u>						<u>39 250</u>	Total capital and liabilities			<u>256 400</u>	Alternative presentations accepted				<b>20</b>
	Cost	Accumulated depreciation	Net book value																																																																																																																									
	\$\$	\$	\$																																																																																																																									
Non-current assets																																																																																																																												
Land and buildings	170 000	20 800	149 200 (1)OF																																																																																																																									
Motor vehicles	46 000 (1)	19 000	27 000 (1)OF																																																																																																																									
Fixtures and fittings	<u>7 000</u>	<u>2 100</u>	<u>4 900 (1)OF</u>																																																																																																																									
	<u>223 000</u>	<u>41 900</u>	81 100 (1)OF																																																																																																																									
Current assets																																																																																																																												
Inventory		35 550 (1)																																																																																																																										
Trade receivables (35 000 – 7000)	28 000 (1)																																																																																																																											
Less Provision for doubtful debts	<u>(1 400) (1)OF</u>																																																																																																																											
		26 600 (1)OF																																																																																																																										
Other receivables 1500 (1) + 200 (1)		1 700																																																																																																																										
Bank 27 450 (1) – 16 000 (1)		<u>11 450</u>																																																																																																																										
			<u>75 300</u>																																																																																																																									
Total assets			<u>256 400</u>																																																																																																																									
Capital:																																																																																																																												
Capital		160 000																																																																																																																										
Plus Profit for the year		<u>42 150 (1)OF</u>																																																																																																																										
		202 150																																																																																																																										
Drawings		<u>(25 000)</u>																																																																																																																										
			177 150 (1)OF																																																																																																																									
Non-current liabilities/Long term liabilities (1)																																																																																																																												
6% loan			40 000 (1)																																																																																																																									
Current liabilities																																																																																																																												
Trade payables 36 550 (1) + 1950 (1)	38 500																																																																																																																											
Other payables	<u>750 (1)</u>																																																																																																																											
			<u>39 250</u>																																																																																																																									
Total capital and liabilities			<u>256 400</u>																																																																																																																									
Alternative presentations accepted																																																																																																																												