



L-Università  
ta' Malta

MATSEC  
Examinations Board



## Marking Scheme

SEC Accounting

Main Session 2019

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In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with the MATSEC Examinations Board when in doubt.

SEC Accounting Paper 1

QUESTION	Answer	MARKS
1	b	2
2	c	2
3	b	2
4	c	2
5	d	2
6	b	2
7	a	2
8	d	2
9	b	2
10	a	2
		Total
		20
11 a)	Any <b>TWO</b> from: Error/s of omission; Error/s of commission; Error/s of principle; Error/s of original entry; Error/s of transposition; Compensating error/s; Complete reversal of entries.	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 2 <b>1, 1</b>
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 2

- 11 b) *Any **TWO** appropriate examples of an error that affects the trial balance, such as:* 1, 1  
*Sale overcast but correct cash book/debtor account entry.*  
 Drawings (€100) were correctly entered in the cash book but credited to the capital account;  
 Drawings (€100) were credited in the cash book and in the drawings account;  
 Cheque paying (€100) to trade payable entered in cash book but not in the personal account;  
 Sale of goods €230 was correctly entered in the sales book but entered in the personal account as €320.  
*Any other appropriate example.* \_\_\_\_\_ 2
- 11 c) *Any **TWO** appropriate differences between a ledger and a journal, such as:* 1, 1  
 A ledger contains accounts while a journal contains lists;  
 A ledger is part of the double entry system while a journal is a book of prime entry;  
 There are usually 4 main ledgers (including cash book) while there are usually 6 journals (including petty cash book; 7 if cash book is included)  
 Ledgers may be subject to control accounts while journals provide the information for the control accounts;  
 Accounting information is posted from journals to ledgers but not vice-versa;  
 Ledgers are the basis for drawing up financial statements while journals are the basis for the ledger/s;  
 Narration may be required in a journal that is not the case in the ledger;  
 Ledgers are balanced at the end of a financial period while journals are not balanced. \_\_\_\_\_ 2
- 11 d) *Any **TWO** advantages of drawing up a trial balance, such as:* 1, 1  
 Makes it easier to locate errors;  
 To better prepare for the drawing up of the financial statements;  
 To list the accounts at a single place;  
 To know the ending balance of each account at a glance;  
 To make the adjustments for unrecorded transactions;  
 To find the missing amount of an account in single entry and/or incomplete records;  
 Makes it easier to uncover errors in journalising;  
 Makes it easier to uncover errors in posting.  
*Any other appropriate advantage.* \_\_\_\_\_ 2

11 e)

The Journal		Dr	Cr	No marks deducted if Cr is listed before Dr	
		€	€	Accept answers with correct double entry even though not in journal format	
i)	Trade Payables: B Balzan	2,345		<b>1 for Detail</b>	<b>1</b>
	Trade Payables: A Attard		2,345	<b>1 for Detail</b>	<b>1</b>
					<u>2</u>
ii)	Drawings (2,000 X 2)*	4,000		<b>½ for Detail, ½ for value.</b>	<b>1</b>
	Suspense (2,000 X 2)*		4,000	<b>½ for Detail, ½ for value.</b>	<b>1</b>
	<b>Accept also:</b>			<b>0.5 from 2 if suspense is mentioned (though incorrectly)</b>	<b>OR</b>
	Drawings	2,000		<b>0.5</b>	<b>0.5</b>
	Drawings	2,000		<b>0.5</b>	<b>0.5</b>
	Suspense		2,000	<b>0.5</b>	<b>0.5</b>
	Suspense		2,000	<b>0.5</b>	<b>0.5</b>
					<u>2</u>
iii)	Bank (261-216)*	45		<b>½ for Detail, ½ for value.</b>	<b>1</b>
	Trade payable (261-216)*		45	<b>½ for Detail, ½ for value.</b>	<b>1</b>
					<u>2</u>
iv)	Sales	120		<b>1 for Detail</b>	<b>1</b>
	Suspense		120	<b>1 for Detail</b>	<b>1</b>
				<b>0.5 from 2 if suspense is mentioned (though incorrectly)</b>	<b>0.5</b>
					<u>2</u>
v)	Trade Payable: G Gambin (64 X 2)	128		<b>½ for Detail, ½ for value.</b>	<b>1</b>
	Cash (64 X 2)		128	<b>½ for Detail, ½ for value.</b>	<b>1</b>
	<b>Accept also:</b>			<b>OR</b>	<b>0.5</b>
	Trade Payable: G Gambin	64		<b>0.5</b>	<b>0.5</b>
	Trade Payable: G Gambin	64		<b>0.5</b>	<b>0.5</b>
	Cash		64	<b>0.5</b>	<b>0.5</b>
	Cash		64	<b>0.5</b>	<b>0.5</b>
					<u>2</u>
vi)	Discount allowed	140		<b>for detail</b>	<b>0.5</b>
	Discount received	140		<b>for detail</b>	<b>0.5</b>
	Suspense (140 X 2)*		280	<b>½ for Detail, ½ for value.</b>	<b>1</b>
	<b>Accept also:</b>			<b>OR</b>	<b>0.5</b>
	Discount allowed	140		<b>0.5</b>	<b>0.5</b>
	Discount received	140		<b>0.5</b>	<b>0.5</b>
	Suspense		140	<b>0.5</b>	<b>0.5</b>
	Suspense		140	<b>0.5</b>	<b>0.5</b>
					<u>2</u>
					<u>20</u>

12 a)	<p><i>Acceptable definition of accounting concepts, such as:</i>  set of principles that provide a basic framework for financial reporting  set of rules which ...</p> <p style="text-align: right;"><b>1</b></p> <p>... lay down the way in which the transactions of the business are recorded ...</p> <p><i>Acceptable purpose, such as:</i>  .. so that accounting is seen to be objective and consistent ...</p> <p style="text-align: right;"><b>1</b></p> <p>... to ensure that users of accounts are presented with a true and fair  view of performance and financial position, so that they are not misled in  investment decisions.</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;"><b>2</b></p>
12 b)	<p>Appropriate concept to be named, i.e. the Business Entity concept.</p> <p style="text-align: right;"><b>1</b></p> <p><i>Appropriate explanation to be given, such as:</i>  the affairs of a business are to be treated as being separate from ...</p> <p style="text-align: right;"><b>1</b></p> <p>... the non-business activities of its owner.  Thus Drawings affect the accounting records of a business.</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;"><b>2</b></p>
12 c)	<p><i>Appropriate difference between Prudence concept and Accruals concept ...</i>  ... <i>in terms of allowance for doubtful debts, such as:</i>  When allowing for doubtful debts:</p> <p>... the <u>Prudence</u> concept comes into play ...</p> <p style="text-align: right;"><b>1</b></p> <p>trade receivables (assets) are not overestimated ...  net profit is not overestimated WHILE ...</p> <p>... the <u>Accruals</u> concept comes into play ...</p> <p>... the increase/decrease in the allowance is the charge for the year.</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;"><b>2</b></p>
12 d)	<p>i) €100,000</p> <p style="text-align: right;"><b>1</b></p> <p>ii) Going concern concept: financial statements are prepared under the assumption that the  business shall continue to operate in the foreseeable future</p> <p style="text-align: right;"><b>05, 1</b></p> <p>Cost concept: non current assets are recorded at cost (at acquisition) less depreciation</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;"><b>05, 1</b></p>

12 e)

4

i) Cash Book Update of C. Curmi as at 31 March 2019

Bal. b/d	865	Bank charges	370
Trade receivable	740	Water & electricity	685
		Bal. c/d	550
	<u>1,605</u>		<u>1,605</u>

May accept an adjustment calculation which calculates the new cash balance.

1, 1  
1, 1

Mark for adding/subtracting correctly

1

5

ii) Bank Reconciliation Statement as at 31 March 2019

	€		
Corrected balance per cash book	550	1 for detail; 1 for choosing the proper figure (FT if (i) is incorrect)	2
Add Unpresented cheques	1,450	½ for choosing this figure for Unp. Chqs; ½ for adding.	1
Less deposits not yet credited (DNYCr)	-2,200	½ for choosing this figure for DNYCr; ½ for subtracting.	1
Balance per bank statement	<u>-200</u>	Mark is for detail only, even if they say 'per reconciliation statement'	1

5

Total 20

13 a)

Any **TWO** users of accounting information to be identified from:

0.5, 0.5

Owner/s (Accept: shareholders, partners);

Potential/Existing investors (Accept: prospective buyers of the business, prospective partner);

Lenders (Accept: bondholders, other creditors/payables);

Suppliers,

Management;

Government (Accept: tax inspectors, Inland Revenue Department);

Customers;

The bank.

Any other appropriate user.

Any appropriate reason for user wanting such information, such as:

0.5, 0.5

Owner: to see whether or not the business is profitable.

Investors: want to know whether or not to invest their money in this business or another.

Lenders: want to know if they'll be getting their money back with interest.

Suppliers: want to know if they will get their money back when they sell on credit.

Management: need to know how well things are progressing financially and about the financial status of the business.

Government: need accounting information to be able to calculate the taxes payable.

Customers: might want to know if the business is a reliable supplier.

The bank: If the owner wants to borrow money for use in the business, then the bank will need such information

*Any other appropriate reason.*

\_\_\_\_\_ 2

13 b)

ii) 2 Credit  
iii) 30 Credit  
iv) 3 Debit

0.5, 0.5

0.5, 0.5

0.5, 0.5

3

13 c)

*Appropriate definition of allocation of expenses, such as:*  
occurs where an expense is made specifically for a department. **OR**  
occurs where an expense can be traced to that department. **OR**  
occurs where an expense of each department is known.

0.5

*Appropriate example of allocation of expenses, such as:*  
Wages are allocated to the department where staff is engaged  
*Any other appropriate example.*

0.5

*Appropriate definition of apportionment of expenses, such as:*  
occurs where an expense is divided (shared) between the departments on some logical basis. **OR**  
expense cannot be traced to that department but the total expense of the firm is known.

0.5

*Appropriate example of apportionment of expenses, such as:*  
apportion rent in accordance with (on the basis of) the floor space (occupied by each department).  
*Any other appropriate example.*

0.5

\_\_\_\_\_ 2



13 d)

i) €880	(1000 x 0.8) x 1.1					<b>1</b>
ii) €800 (net)	€80 (VAT)	€880(gross)		<b>1 mark net + 1 mark vat</b>	<u><b>1, 1</b></u>	<b>3</b>
				<b>FT</b>		

13 e)

i)	GPM =	$\frac{\text{Gross profit X 100}}{\text{Sales}}$	=	$\frac{80,000}{400,000}$	=	<u><b>20 %</b></u>	<b>2</b>
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**Award marks for correct answer only or for correct working but incorrect answer.  
Award 1 mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if % is not written.**

ii)	NPM =	$\frac{\text{Net profit X 100}}{\text{Sales}}$					
-----	-------	--	--	--	--	--	--

Net profit =	$\frac{\text{NPM X Sales}}{100}$	=	$\frac{12 \times 400,000}{100}$	=	<u><b>48,000 €</b></u>	<b>2</b>
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**Award marks for correct answer only or for correct working but incorrect answer.  
Award 1 mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if Euro symbol is not written.**

iii)	Total expenses =	Gross profit - Net profit =	80,000 - 48,000 =	<u><b>32,000 €</b></u>	<b>1</b>
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**Award mark for correct answer only or for correct working but incorrect answer.  
FT if NP figure incorrect because of incorrect answer to (ii).  
Do NOT deduct marks if Euro symbol is not written.**

iv)	ROCE =	$\frac{\text{Net profit X 100}}{\text{Capital employed}}$				
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Capital employed =	$\frac{\text{Net profit X 100}}{\text{ROCE}}$	=	$\frac{48,000 \times 100}{15}$	=	<u><b>320,000 €</b></u>	<b>2</b>
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**Award marks for correct answer only or for correct working but incorrect answer.  
Award 1 mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if Euro symbol is not written.  
FT if NP figure incorrect because of incorrect answer to (ii).**

v) Capital employed = Non-current assets + Current assets - Current liabilities

Current liabilities = Non-current assets + Current assets - Capital employed  
= 260,000 + 180,000 - 320,000 = 120,000 € **2**

**Award marks for correct answer only or for correct working but incorrect answer.  
Award 1mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if Euro symbol is not written.  
FT if CE figure incorrect because of incorrect answer to (iv).**

vi) Current ratio =  $\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{180,000}{120,000} = \underline{1.5} \quad \underline{\text{or } 3:2}$  **1**

**Award marks for correct answer only or for correct working but incorrect answer.  
Award ½mark for correct formula but incorrect choice of figures.  
FT if CL figure incorrect because of incorrect answer to (v).**

**Total 20**

14 a)

i) *Acceptable definition of share premium, such as:* **2**

Shares can be issued for more than their face (nominal) value.  
The excess of the price at which they are issued over the nominal value of the shares is the share premium.  
*Accept also:* Difference between the value at which the shares were issued and their nominal value.  
*Accept also:* When shares are issued at a value higher than the nominal value.  
*Any other acceptable definition.*

ii) *Acceptable definition of retained earnings, such as:* **2**

Profits reinvested in the company/Profits that have not been distributed/appropriated (shared/shared out).  
These retained earnings will be carried forward to the following year.  
*Any other acceptable definition.*

14 b)

i) Dividend per share =  $\frac{\text{Profit for dividend}}{\text{Number of shares}} = \frac{40,000}{100,000} = \underline{\underline{0.4 \text{ €}}}$  1

**Award mark for correct answer only or for correct working but incorrect answer.  
Award ½mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if Euro symbol is not written.**

Percentage Dividend =  $\frac{\text{Dividend X 100}}{\text{Nominal value}} = \frac{0.40 \times 100}{1} = \underline{\underline{40 \%}}$  1

% Div. may also be calculated on the totals. So 40,000 X 100 / 100,000.

**Award mark for correct answer only or for correct working but incorrect answer.  
Award ½mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if % symbol is not written.**

\_\_\_\_\_ 2

ii) Interest on bonds = 10% of €50,000 =  $\underline{\underline{5,000 \text{ €}}}$  2

**Award mark for correct answer only or for correct working but incorrect answer.  
Award ½mark for correct formula but incorrect choice of figures.  
Do NOT deduct marks if % symbol is not written.**

14 c)

*Appropriate difference between the nominal value and the market value of a share, such as:* 1, 1

The nominal value is the face value while the market value is the value at which the share is being traded.

The nominal value is the value written in the Memorandum of Association

while the market value is the value at which the share is being traded.

The nominal value is a fixed value while the market value changes.

The percentage dividend is quoted on the nominal value and not on the market value.

*Any other appropriate difference.*

*Example from 14(b) as follows:*

Nominal value of share is €1.

Market value of share is €1.50.

1

\_\_\_\_\_ 3

14 d)

Any TWO appropriate advantages of limited liability companies in contrast to unlimited liability bus. orgs., such as: **1, 1**  
 Get more capital (easier to obtain finance) because investors risk less (because of limited liability);  
 Continuity: unaffected by changes in the life of their owners (because of separate legal entity);  
 Ownership and control may be vested in different people.  
 Any other appropriate advantage. 2

14 e)

Angele & Brian			
Appropriation account for the y.e. 31 December 2018			
	€	€	
Net profit b/d		102,500	1
<i>Less:</i>			
Interest on capital:			
Angele (10% of 200,000)	20,000		½ for computation; ½ for subtracting. 1
Brian (10% of 160,000)	16,000		½ for computation; ½ for subtracting. 1
	<u>36,000</u>		
Salary: Brian	5,000		½ for entry; ½ for subtracting. 1
		<u>41,000</u>	
Share of profit:		61,500	Mark is for subtracting (FT). 1
Angele (60%)	36,900		Mark is for computation (FT). 1
Brian (40%)	24,600		Mark is for computation (FT). 1
		<u>61,500</u>	<u>7</u>
			Total <b>20</b>

SEC Accounting Paper 2A

QUESTION

MARKS

1 a)

Insurance Account

Date	Details	Dr	Date	Details	Cr
01/01/2018	Balance b/fd	1200	31/12/2018	To P/L	14950
	Bank (Payments)	15000	31/12/2018	Balance c/fd	1250
		<u>16200</u>			<u>16200</u>

1, 1  
1, 1

4

1 b)

Rent Receivable Account

Date	Details	Dr	Date	Details	Cr
01/01/2018	Balanced b/fd	3600	07/01/2018	Bank (Receipts)	16200
31/01/2018	To P/L (Income)	16800	31/12/2018	Balance c/fd (1400*1.2)	4200
		<u>20400</u>			<u>20400</u>

1, 1  
1, 1

4

1 c)

Trade Receivables Account

Date	Details	Dr	Date	Details	Cr
31/12/2018	Balanced b/fd	38500	31/12/2018	Bad Debts	5100
		<u>38500</u>	31/12/2018	Balance c/fd	33400
					<u>38500</u>

1, 1  
1

3

1 d)

Allowance for Doubtful Debts Account

Date	Details	Dr	Date	Details	Cr
31/12/2018	To P/L (Income)	900	01/01/2018	Balance b/fd	5100
31/12/2018	Balance c/fd	4200			
		<u>5100</u>			<u>5100</u>

1, 1  
1

3

1 e)

Allowance for Depreciation - Motor Vehicle Account

Date	Details	Dr	Date	Details	Cr
31/12/2018	Balance c/fd	33550	01/01/2018	Balance b/fd	28500
		<u>33550</u>	31/12/2018	Depreciation (P/L) (20% x (53750 - 28500))	5050
					<u>33550</u>

1, 1  
1

3

1 f)

Statement of profit or loss for the year ended 31/12/2018

Gross Profit		170000			0.5
Rent Received =16200+4200-3600		16800	0.5 detail; 1 value	See * below	FT 1.5
Discounts Received		5400			0.5
Dec. Allow. for Doubtful Debts =5100-4200		900	0.5 detail; 0.5 value		FT 1
		193100			
Interest on Loan =1500+5%x60000/2	2250		0.5 detail; 0.5 value		1
Wages and Salaries	38900				0.5
Irrecoverable Debts =5100+3300	8400		0.5 detail; 0.5 value		1
Insurance =1200+15000-1250	14950		0.5 detail; 1 value		FT 1.5
Water & Electricity	12200				0.5
Discounts Allowed	3100				0.5
General Admin. Exp.	11250				0.5
Communication Expenses	8500				0.5
Delivery Expenses	6300				0.5
Dep'n - Buildings =2%x300000	6000		0.5 detail; 0.5 value		1
Dep'n - Equipment =10%x75000	7500		0.5 detail; 0.5 value		1
Dep'n - Vehicles (20%x(53750-28500))	5050		0.5 detail; 0.5 value		FT 1
Total Expenses		124400			
Net Profit		68700			

\* If included as a negative expense allow 1 mark

13  
Total 30

2 a)

Trade Receivables Control Account

Date	Details	Dr	Date	Details	Cr		
01/04/2018	Balance b/fd	28500		Receipts	210000	1,	1
	Credit Sales	206600		Sales Returns	2100	1,	1
			31/03/2019	Balance c/fd	23000		1
		<u>235100</u>			<u>235100</u>		5

2 b)

Trade Payables Control Account

Date	Details	Dr	Date	Details	Cr		
	Payments	137000	01/04/2018	Balance b/fd	11400	1,	1
	Purchases Returns	1800		Purchases	140900	1,	1
31/03/2019	Balance c/fd	13500				1	
		<u>152300</u>			<u>152300</u>		5

2 c)

## Statement of Financial Position as at 01/04/2018

Non-Current Assets		41000	0.5
Current Assets			
Inventory		25000	0.5
Trade Receivables		28500	0.5
Bank		1500	0.5
Cash		<u>200</u>	0.5
		<u>55200</u>	
		<u>96200</u>	
Equity and Liabilities:			
Capital (Balancing figure)		84800	1
Current Liabilities		<u>11400</u>	0.5
		<u>96200</u>	

Accept also a calculation of Assets - Liabilities = Capital allowing marks as above for each item.

4

2 d)

## Statement of Profit or Loss for year ended 31/03/2019

Sales	=206600+9100	215700	0.5 cr sales (FT); 1 cash sales	1.5
less Returns		<u>-2100</u>		0.5
		213600		
Opening Inventory		25000		0.5
Purchases	140900		FT	0.5
less Returns	<u>-1800</u>			0.5
		139100		
Less Closing Inventory		<u>-27200</u>		0.5
Cost of Sales		136900		
Gross Profit		76700		
Expenses:				
Rent		12000		0.5
Depreciation Equipment	=41000-38000	3000	0.5 detail; 0.5 value	1
Water and Electricity		3700		0.5
Wages		22500		0.5
Communication expenses		18400		0.5
General Expenses		10900		0.5
Insurance		<u>4800</u>		0.5
		75300		
Net Profit		<u>1400</u>		

8

2 e) Statement of Financial Position as at 31/03/2019

Non-Current Assets		38000		<b>0.5</b>	
Current Assets:					
Inventory		27200		<b>1</b>	
Trade Receivables		23000		<b>1</b>	
Bank		300		<b>1</b>	
Cash		<u>200</u>		<b>1</b>	
			<u>50700</u>		
			<u>88700</u>		
Equity and Liabilities:					
Capital		84800	<b>FT</b>	<b>0.5</b>	
add Net Profit		<u>1400</u>	<b>FT(0.5)</b>	<b>1</b>	
			86200		
less Drawings		<u>-11000</u>		<b>1</b>	
			75200		
Current Liabilities: Trade Payables			<u>13500</u>	<b>1</b>	
			<u>88700</u>		
					<b>8</b>
					<b>Total</b>
					<b>30</b>

3 a) Subscriptions Account

Date	Details	Dr	Date	Details	Cr		
01/04/2018	Balance b/fd (accrued)	550	01/01/2017	Balance b/fd (prepaid)	150	<b>0.5, 0.5</b>	
31/03/2019	Income and Expenditure	6350		Receipts re last year	500	<b>0.5, 0.5</b>	
31/03/2019	Balance c/fd (prepaid)	200		Receipts re current year	5750	<b>0.5, 0.5</b>	
				Receipts re next year	200	<b>0.5</b>	
			31/03/2019	Written off	50	<b>1</b>	
			31/12/2017	Balance c/fd (accrued)	450	<b>0.5</b>	
		<u>7100</u>			<u>7100</u>		<b>5</b>

3 b) Receipts and Payments Account

Date	Details	Dr	Date	Details	Cr		
01/04/2018	Balance b/fd	1700		Loan repayment	1000	<b>0.5, 0.5</b>	
	Receipts re last year	500		Loan interest	125	<b>0.5, 0.5</b>	
	Receipts re current year	5750		Fund raising expenses	2750	<b>0.5, 0.5</b>	
	Receipts re next year	200		Rent	3600	<b>0.5, 0.5</b>	
	Fund raising receipts	3950		Insurance	2400	<b>0.5, 0.5</b>	
	Receipts Competition Registration	950		Water and electricity	2100	<b>0.5, 0.5</b>	
	Balance c/fd	4435		Purchase new equipment	3800	<b>0.5</b>	
		<u>17485</u>		Competition Expenses	1710	<b>0.5</b>	
					<u>17485</u>		<b>7</b>



3 c) Income and Expenditure Account for the year ended 31/3/2019

Subscriptions		6350		FT	1
Net Receipts from fund raising		1200	*Accept 3950 income with 0.5 and 2750 as expenses with 0.5		1
		7550			
Rent	3600				0.5
Insurance (600+2400-750)	2250			0.5 detail; 0.5 value	1
Subscriptions written off	50				0.5
Net loss on Competitions (950-1710)	760	*Accept 1710 expense with 0.5 and 950 as income with 0.5		0.5 detail; 0.5 value	1
Water and Electricity (410+2100-370)	2140			0.5 detail; 0.5 value	1
Interest (125+100)	225			0.5 detail; 0.5 value	1
Depreciation (20%x(18000+3800))	4360			0.5 detail; 0.5 value	1
		13385			
Deficit		-5835			
			* i.e. no netting		
					<u>8</u>
					Total <b>20</b>

4 a) Manufacturing Account for the year ended 31/12/2018

	€				
Opening inventory of raw materials	90000				0.5
Purchase of raw materials	990500				0.5
Carriage in	28000				0.5
	1108500				
Less Closing inventory of raw materials	-87000				0.5
Raw materials consumed	1021500				
Direct wages (880500-115000)	765500			0.5 detail; 0.5 value	1
Royalties	36000				1
Prime Cost	1823000				
Indirect wages	115000			0.5 detail; 0.5 value	1
Power	57000				0.5
Rent (2/3x24000)	16000			0.5 detail; 0.5 value	1
Insurance (2/3x60000)	40000			0.5 detail; 0.5 value	1
Machine maintenance	55500				0.5
Factory cleaning	11000				0.5
Lighting and heating (1/2x9500)	4750			0.5 detail; 0.5 value	1
Indirect materials	17000				0.5
Depr'n of factory machinery (10%x800000)	80000			0.5 detail; 0.5 value	1
	2219250				
Add opening work in progress	255000				0.5
	2474250				
Less closing work in progress	-274000				0.5
Total cost of producing finished goods	2200250				

4 b)

Statement of Profit or Loss for year ended 31/12/2018

Sales	(52x65000)		3380000	0.5 detail; 0.5 value	1
less Manufacturing cost (cost of sales)			-2200250	FT	1
Gross Profit			1179750		
Office Salaries		353000			1
Rent	(1/3x24000)	8000		0.5 detail; 0.5 value	1
Insurance	(1/3x60000)	20000		0.5 detail; 0.5 value	1
Lighting and heating	(1/2x9500)	4750		0.5 detail; 0.5 value	1
Depr'n of equipment (10%x68000)		6800		0.5 detail; 0.5 value	1
Total Expenses			392550		
Net Profit			787200	0.5 detail; 0.5 value	1

8  
Total 20

5

Statement of profit or loss for year ended 31/12/18 Total column not required

	Home Furniture	Business Furniture	Business Total		
Sales (cost of sales x 1.5)	2257500	3386250	5643750	marks divided equally between two depts	
Opening Stock	130000	165000	295000	Allow 2 marks for wrong MU	4
Purchases	1480000	2252500	3732500		1
	1610000	2417500	4027500		
Less Closing Stock	-105000	-160000	-265000		1
Cost of Sales	1505000	2257500	3762500		
Gross Profit	752500	1128750	1881250	FT	1
1:1 Depr'n (20%x155000)	155000	155000	310000	1 detail; 1 value	2
1:1 Printing and Stationery	13000	13000	26000		1
1:1 Office Salaries	78000	78000	156000		1
2:3 Sales persons salaries	56800	85200	142000	if on sales FT	1
1:2 Insurance	32300	64600	96900		1
2:3 Maintenance Expenses	29600	44400	74000	if on sales FT	1
1:2 Rent	15000	30000	45000		1
1:1 Administrative Exp.	47000	47000	94000		1
2:3 Selling and Distribution	32000	48000	80000	if on sales FT	1
1:1 Communication Exp.	17000	17000	34000		1
Total Expenses	475700	582200	1057900		
NET PROFIT	276800	546550	823350	FT	1

Total 20



2 a)

Allowance for Doubtful Debts Account			
Date	Details	Dr	Cr
			01/01/2017 Balance b/fd 360
31/12/2017	Balance c/fd	378	31/12/2017 (Increase in allowance) P/L 18
		<u>378</u>	<b>0.5 detail; 0.5 value</b> 378
31/12/2018	Decrease in allowance (P/L)	78	01/01/2018 Balance b/fd FT 378
31/12/2018	Balance c/fd	300	
		<u>378</u>	<u>378</u>

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2 b)

Irrecoverable Debts Account			
Date	Details	Dr	Cr
31/12/2017	Debtors	560	31/12/2017 P/L 560
		<u>560</u>	<u>560</u>
31/12/2018	Debtors	525	31/12/2018 P/L 525
		<u>525</u>	<u>525</u>

1, 1  
1, 1  
4

2 c)

Water and Electricity Account			
Date	Details	Dr	Cr
	Bank	2300	01/01/2018 Balance b/fd 355
31/12/2018	Balance c/fd	410	31/12/2018 To P/L <b>1 detail; 1 value</b> 2355
		<u>2710</u>	<u>2710</u>

1, 1  
1, 2\*  
5

2 d)

Insurance Account			
Date	Details	Dr	Cr
01/01/2018	Balance b/fd	240	31/12/2018 To P/L <b>1 detail; 1 value</b> 1660
	Bank	1900	31/12/2018 Balance c/fd 480
		<u>2140</u>	<u>2140</u>

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20  
\*1 P&L, 1 correct value

3 a)

Calculation of Depreciation on Straight Line Method

	Cost	Depreciation (30000-5000) /5 years	
2015	30000	5000	0.5
2016	30000	5000	0.5
2017	30000	5000	0.5
2018	30000	5000	0.5

**Award 1 mark if annual depreciation is 6000 p.a.** 2

3 b)

Allowance for Depreciation - Motor Vehicle Account

Date	Details	Dr	Date	Details	Cr	
31/12/2015	Balance c/fd	6000	31/12/2015	Depreciation (P/L) (20%x30000)	6000	0.5, 1*
31/12/2016	Balance c/fd	10800	01/01/2016	Balance b/fd	6000	1*, 0.5
			31/12/2016	Depreciation (P/L) (20%x(30000-6000))	4800	1*
		10800			10800	
31/12/2017	Balance c/fd	14640	01/01/2017	Balance b/fd	10800	1*, 0.5
			31/12/2017	Depreciation (P/L) (20%x(30000-10800))	3840	1*
		14640			14640	
31/12/2018	Disposal Motor Vehicle	17712	01/01/2018	Balance b/fd	14640	1*, 0.5
31/12/2018	Balance c/fd	0	31/12/2018	Depreciation (P/L) (20%x(30000-14640))	3072	1*
		17712			17712	

9

\*0.5 detail, 0.5 value

3 c)

Disposal of Motor Vehicle Account

Date	Details	Dr	Date	Details	Cr	
31/12/2018	Motor Vehicle	30000	31/12/2018	Allow. Dep'n Motor Vehicle	17712	1, 1*
			31/12/2018	Cash received	10000	1
			31/12/2018	Loss on Disposal - P/L Account	2288	1*
		30000			30000	

4

15

\*0.5 detail, 0.5 value

4 a)	<u>Manufacturing Account for the year ended 30/04/2019</u>			
	€			
	Opening inventory of raw materials	27000		1
	Purchase of raw materials	<u>109600</u>		1
		136600		
	Less Closing inventory of raw materials	<u>-18000</u>		1
	Raw materials consumed	118600		
	Direct wages (60% $\times$ 59400)	<u>35640</u>	<b>0.5 detail; 0.5 value</b>	1
	Prime Cost	154240		
	Indirect wages (40% $\times$ 59400)	23760	<b>0.5 detail; 0.5 value</b>	1
	Motor Vehicle running expense (30% $\times$ 15000)	4500	<b>0.5 detail; 0.5 value</b>	1
	Depr'n of plant and machinery (25% $\times$ 61000)	15250	<b>0.5 detail; 0.5 value</b>	1
	Depr'n of motor vehicles (30% $\times$ (30% $\times$ 45000))	4050	<b>0.5 detail; 0.5 value</b>	1
	Other indirect manufacturing expenses	<u>18000</u>		1
		219800		
	Add opening work in progress	<u>4900</u>		0.5
		224700		
	Less closing work in progress	<u>-3500</u>		0.5
	Total cost of producing finished goods	<u><u>221200</u></u>		<u>10</u>

4 b)	<u>Statement of Profit or Loss for year ended 30/04/2019</u>			
	Sales	330400		1
	Opening Inventory finished goo	24500		1
	Manufacturing cost	<u>221200</u>	<b>FT</b>	1
		245700		
	Less Closing Inventory finished	<u>-20000</u>		1
	Cost of Sales	<u>225700</u>		
	Gross Profit	<u><u>104700</u></u>	<b>0.5 detail; 0.5 value</b>	<u>1</u>
				<u>5</u>
				15

- 5 a) i) T. Tabone account is the Trade receivable account.  
 ii) This shows that Richard Galea only grants T. Tabone a credit limit up to €1000. No credit sales are approved above that limit.  
 iii) R. Rizzo is a creditor, he has to grant R. Galea a credit limit.  
 iv) Sales Invoices.  
 v) Rate of Discount allowed = €25/€ 500 = 5%  
 vi) Returns in T. Tabone account dated 9/12  
 vii) R. Rizzo account would appear in a payables' ledger.

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5 b)

Trade Receivables		T. Tabone Account		
Date	Details	Dr	Cr	
01/12/2018	Balance b/fd	400	09/12/2018 Sales Returns	50
04/12/2018	Sales	550	10/12/2018 Bank	475
			10/12/2018 Discounts allowed	25
			31/12/2018 Balance c/fd	400
		<u>950</u>		<u>950</u>

0.5, 0.5  
 0.5, 0.5  
 0.5  
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Trade Payables		R. Rizzo Account		
Date	Details	Dr	Cr	
09/12/2018	Cash	300	01/12/2018 Balance b/fd	700
31/12/2018	Balance c/fd	900	08/12/2018 Purchases	500
		<u>1200</u>		<u>1200</u>

0.5, 0.5  
 0.5, 0.5  
5      15

6 a)

Petty Cash Book

Date	Receipt	Details	Total	Cleaning	Stationary	Fuel	Postage	Travelling		
	€		€	€	€	€	€	€		
01/04/2019	150	Receipt								1
03/04/2019		Cleaning	15	15						1
05/04/2019		Stationery	8		8					1
07/04/2019		Fuel	30			30				1
15/04/2019		Postage	17				17			1
22/04/2019		Cleaning	15	15						1
23/04/2019		Postage	13				13			1
25/04/2019		Stationery	9		9					1
27/04/2019		Travelling	3					3		1
		<b>Total</b>	<b>110</b>	<b>30</b>	<b>17</b>	<b>30</b>	<b>30</b>	<b>3</b>		<b>10</b>
30/04/2019	110	Bank								2
30/04/2019		Balance c/d	150							2
	<u>260</u>		<u>260</u>							
01/05/2019	150	Balance b/d								1
										<u>5</u>
										<b>15</b>

6 b)

7 a)

Dr		Trade Receivables Control Account		Cr	
01/01/2018	Balance b/fd	20400		Receipts	522520
	Credit Sales	594000		Discounts allowed	42660
	Dishonoured Cheque	270		Bad Debts	1500
				Set-off	23460
				31/12/2018 Balance c/fd	24530
		<u>614670</u>			<u>614670</u>
					<b>0.5 detail; 0.5 value</b>
					1
					<u>8</u>

7 b)

Dr		Trade Payables Control Account		Cr	
	Payments	366560		01/01/2018 Balance b/fd	18600
	Purchases Returns	1100		Purchases	430100
	Discounts received	35690			
	Set-off	23460			
31/12/2018	Balance c/fd	21890			
		<u>448700</u>			<u>448700</u>
					<b>0.5 detail; 0.5 value</b>
					1
					<u>7</u>
					<b>15</b>