

Annual Examinations for Secondary Schools 2018

| | | |
|---------------|-------------------|-----------------------|
| YEAR 9 | ACCOUNTING | MARKING SCHEME |
|---------------|-------------------|-----------------------|

SECTION A **[10 x 1 mark = 10 marks]**

1 (b) 2 (a) 3 (c) 4 (c) 5 (a) 6 (a) 7 (a) 8 (c) 9 (b) 10 (c)

SECTION B **[10 x 1 mark = 10 marks]**

1. *Award marks for any other reasonable answer:*
 - Petty cashbook – is used by the business to record small items of expenditure. (1 mark)
 - Cashbook – is used by the business to record cash and bank receipts and payments. (1 mark)

2. *Award marks for any other reasonable answer:*
 - Trade discount – A deduction in price given to a trade customer when calculating the price to be charged to that customer for goods bought by the customer. Trade discount does not appear anywhere in the accounting books. (1 mark)
 - Cash discount – A deduction allowed by the seller of goods or services in order to motivate the customer to pay within a specified time. Examples of cash discount are discount allowed and discount received. (1 mark)

3. *Award marks for any other reasonable answer:*
 - Purchases returns daybook – Book of original entry for goods returned to suppliers. (1 mark)
 - Sales returns daybook – Book of original entry for goods returned by customers. (1 mark)

4. *Award marks for any other reasonable answer:*
 - Prudence concept – Ensuring that profit is not shown as being too high, or that assets are not shown at too high value and that the financial statements are neutral: that is, that neither gains nor losses are understated or overstated. (1 mark)
 - The Consistency concept – Once an accounting method has been chosen, that method should be used unless there is a sound reason to do otherwise. (1 mark)

5. *Award marks for any other reasonable answer:*
 - Non-current assets – Things that the business owns, which have a long life and are bought with the intention to use them in the business and not with the intention to simply resell them. (1 mark)
 - Current assets – Cash or things, which the business owns that can be changed into cash easily. (1 mark)

SECTION C

[10 x 1 mark = 10 marks]

| | | |
|-----|---|----------|
| 1. | If gross profit is €45,000 and expenses are €15,000, then the net profit should be: | €30,000 |
| 2. | The following are balances of a business as at 31/12/2017: Buildings €200,000, Inventory €35,000, Cash €13,000, Machinery €60,000, Trade Receivables €20,000, Loan €30,000 Motor vans €50,000, Bank €57,000 and Equipment €15,000, Trade Payables €5,000. Find the total of the non-current assets . | €325,000 |
| 3. | During 2017, a business sold €60,000 worth of goods. €12,000 were returned to the business by customers. Calculate the net sales of the business. | €48,000 |
| 4. | Find the cost of sales for a business which provides you with the following information: Purchases €100,000, Purchases Returns €15,000, Opening Inventory €20,000, Carriage In €12,000, Carriage Out €2,300, Closing Inventory €25,000. | €92,000 |
| 5. | The following balances appeared in the financial statements of Mr. B. Borg: Trade payables €18,000, Bank loan €34,000, Bank overdraft €12,000, Loan from A. Grima €26,000. Find the total of non-current liabilities . <i>(Note: Both loans are repayable after more than one year)</i> | €60,000 |
| 6. | The assets of a business amount to €145,000. Its liabilities are €60,000. The capital of the business is: | €85,000 |
| 7. | At the beginning of March 2017, the petty cashier received €600 as petty cash float. During the month €480 of expenses were paid by the petty cashier. Calculate the amount needed to restore the imprest . | €480 |
| 8. | The net sales of a business is €160,000 and its cost of sales is €110,000. The business' gross profit is: | €50,000 |
| 9. | A business spent €4,000 on machinery. The amount was used to pay for; €3,000 for new machine, €400 for old machine repair, €500 for the installation of new machine and €100 for the delivery of the new machine. Calculate the total amount of capital expenditure that was spent on machinery. | €3,600 |
| 10. | A boutique sold €1,000 worth of shirts to a customer. This customer was given a trade discount of 10% and had to pay 18% VAT. The invoice total was: | €1,062 |

SECTION D

Cash Book

| | | | Discounts Allowed | Cash | Bank | | | | Discounts Received | Cash | Bank |
|------|----|----------------|--------------------------|-------------|-------------|------|----|-------------|---------------------------|-------------|-------------|
| 2018 | | | | | | 2018 | | | | | |
| Apr | 1 | Balance b/d | | ✓ 840 | ✓ 8,620 | Apr | 9 | V. Meli | ✓ 43 | | ✓ 817 |
| Apr | 2 | C. Cauchi | ✓ 68 | | ✓ 782 | Apr | 9 | L. Cilia | ✓ 24 | | ✓ 456 |
| Apr | 2 | P. Sammut | ✓ 36 | | ✓ 414 | Apr | 9 | T. Gauci | ✓ 38 | | ✓ 722 |
| Apr | 5 | Loan from HSBC | | | ✓ 6,000 | Apr | 11 | Insurance | | ✓ 85 | |
| Apr | 12 | A. Apap | ✓ 15 | | ✓ 360 | Apr | 17 | Wages | | | ✓ 3,600 |
| Apr | 14 | Sales | | ✓ 640 | | Apr | 19 | Drawings | | | ✓ 640 |
| Apr | 22 | Bank | | ✓ 810 | | Apr | 22 | Cash | | | ✓ 810 |
| Apr | 24 | Tax refund | | | ✓ 350 | Apr | 28 | S. Tonna | ✓ 20 | | ✓ 560 |
| | | | | | | Apr | 30 | Printer | | ✓ 450 | |
| | | | | | | Apr | 30 | Balance c/d | | ✓ 1,755 | ✓ 8,921 |
| | | | ✓ 119 | ✓ 2,290 | ✓ 16,526 | | | | ✓ 125 | ✓ 2,290 | ✓ 16,526 |

General Ledger

Discounts Allowed Account

| | | | | |
|--------|---------------------------------|-------|------|---|
| 2018 | | € | 2018 | € |
| Apr 30 | Cash book (Total for the month) | ✓ 119 | | |

Discounts Received Account

| | | | | |
|--------|---------------------------------|-------|------|---|
| 2018 | | € | 2018 | € |
| Apr 30 | Cash book (total for the month) | ✓ 125 | | |

(33 marks – 1 mark for every correct ticked item)

- b. *Award marks for any other reasonable answer:*
 A bank overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be "overdrawn". (1 mark)
- c. On the credit side. (1 mark)

2.

a.

**Statement of Profit or Loss of Laura Pace
 for the year ended 30 September 2017**

| | € | | € |
|--------------------------------------|---|---|----------------------|
| Sales | | ✓ | 130,900 |
| Returns inwards (Sales returns) | | ✓ | <u>(550)</u> |
| | | | 130,350 |
| Less Cost of Sales: | | | |
| Opening inventory | ✓ | | 23,910 |
| Purchases | ✓ | | <u>92,100</u> |
| | | | 116,010 |
| Carriage inwards | ✓ | | <u>215</u> |
| | | | 116,225 |
| Returns outwards (Purchases returns) | ✓ | | <u>(307)</u> |
| | | | 115,918 |
| Closing inventory | ✓ | | <u>(27,475)</u> |
| Gross Profit | | ✓ | <u>41,907</u> |
| Discount received | | ✓ | <u>152</u> |
| | | | 42,059 |
| Less Expenses: | | | |
| Carriage outwards | ✓ | | 309 |
| Motor expenses | ✓ | | 1,630 |
| Maintenance | ✓ | | 500 |
| Rent | ✓ | | 2,970 |
| Telephone charges | ✓ | | 405 |
| Wages and salaries | ✓ | | 12,310 |
| Discount allowed | ✓ | | 250 |
| Bank loan interest | ✓ | | <u>500</u> |
| Net Profit | | ✓ | <u><u>23,185</u></u> |

b.

**Statement of Financial Position of Laura Pace
as at 30 September 2017**

| | € | € |
|--------------------------------|---|---------------|
| <u>Non-Current Assets</u> | | |
| Office furniture | ✓ | 6,250 |
| Delivery van | ✓ | 4,100 |
| | ✓ | <u>10,350</u> |
| <u>Current Assets</u> | | |
| Inventory | ✓ | 27,475 |
| Trade receivables | ✓ | 12,300 |
| Bank | ✓ | 3,115 |
| Cash | ✓ | 295 |
| | | <u>43,185</u> |
| | | <u>53,535</u> |
| <u>Capital</u> | | |
| Balance 1 October 2016 | ✓ | 24,400 |
| Net Profit | ✓ | 23,185 |
| | | 47,585 |
| Drawings | ✓ | (8,420) |
| | | <u>39,165</u> |
| <u>Non-Current Liabilities</u> | | |
| 10% Bank loan | ✓ | 5,000 |
| <u>Current Liabilities</u> | | |
| Trade payables | ✓ | 9,370 |
| | ✓ | <u>53,535</u> |

(35 marks – 1 mark for every correct ticked item)