

Annual Examinations for Secondary Schools 2018

YEAR 10	ACCOUNTING	MARKING SCHEME
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SECTION A

[10 x 1 = 10 marks]

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

SECTION B

[5 x 2 = 10 marks]

- Award marks for any other reasonable answer:*

 - Error of original entry - double entry is correct but with the wrong amount. (1 mark)
 - Error of omission - a transaction is completely left out from the books. (1 mark)
- Award marks for any other reasonable answer:*

 - Credit transfer – An amount received directly in the bank account. (1 mark)
 - Direct debit – A payment made by the bank on behalf of the client on instructions by the client. (1 mark)
- Award marks for any other reasonable answer:*

 - Bank overdraft – When a business holding a current account with the bank spends more than the funds in the account. (1 mark)
 - Bank loan – a sum of money borrowed by a customer or business from a bank, often for a specific purpose, on which a fixed rate of interest is charged. (1 mark)
- Award marks for any other reasonable answer:*

 - Direct costs – Costs that can be traced to the item being produced. (1 mark)
 - Indirect costs – Costs related to production that cannot be traced to the item being manufactured. (1 mark)
- Award marks for any other reasonable answer:*

 - The sales ledger control account – An account that summarises the customers' accounts (trade receivables/debtors) in the sales ledger. (1 mark)
 - The purchases ledger control account – An account which summarises the suppliers' accounts (trade payables/creditors) in the purchases ledger. (1 mark)

SECTION C

[30 marks]

G. Calleja

Manufacturing Account for the year ended 31 December 2017

	€		€
Opening inventory of raw materials		[1]	21,955
Purchases of raw materials		[1]	115,100
Closing inventory of raw materials		[1]	<u>(18,775)</u>
Cost of raw materials consumed		[1]	118,280
Direct expenses (12,590 – 250)	[2]	12,340	
Direct wages	[1]	<u>43,500</u>	<u>55,840</u>
Prime cost		[1]	174,120
Factory overheads:			
Factory power	[1]	7,300	
Rent (11,200 + 800 = 12,000 × ³ / ₄)	[2]	9,000	
Indirect wages	[1]	14,990	
Depreciation: Factory equipment	[2]	<u>*16,640</u>	
*(130,000 – 46,800 = 83,200 × 20%)			<u>47,930</u>
			222,050
Work in progress b/d		[1]	10,670
Work in progress c/d		[1]	<u>(11,890)</u>
Production cost of finished goods		[1]	<u>220,830</u>

G. Calleja

Statement of Profit or Loss for the year ended 31 December 2017

	€		€
Sales		[1]	297,000
Less Cost of Sales:			
Opening inventory of finished goods	[1]	24,330	
Production cost of finished goods	[1]	220,830	
Closing inventory of finished goods	[1]	<u>(28,750)</u>	<u>216,410</u>
Gross profit		[1]	80,590
Less Expenses:			
Selling and distribution expenses	[1]	9,430	
Administration expenses	[1]	1,120	
Rent (11,200 + 800 = 12,000 × ¹ / ₄)	[2]	3,000	
Irrecoverable debts	[1]	340	
Depreciation: Office equipment	[2]	<u>*7,500</u>	
*(50,000 × 15%)			<u>(21,390)</u>
Net profit		[1]	<u>59,200</u>

SECTION D – Question 1

[20 marks]

a. **Motor expenses account**

		€				€	
31/12/17	Bank	[1]	800	31/12/17	Transfer to		
	Balance c/d	[1]	100		Statement of		
					Profit or Loss	[1]	900
			<u>900</u>				<u>900</u>

b. **Insurance account**

		€				€	
1/1/17	Balance b/d	[1]	85	31/12/17	Transfer to		
	Cash	[1]	1,500		Statement of		
					Profit or Loss	[1]	1,450
			<u>1,585</u>	31/12/17	Balance c/d	[1]	135
							<u>1,585</u>

c. **Stationery account**

		€				€	
	Cash	[1]	380	1/1/17	Balance b/d	[1]	50
				31/12/17	Transfer to		
					Statement of		
			<u>380</u>		Profit or Loss	[1]	300
				31/12/17	Balance c/d	[1]	30
							<u>380</u>

d. **Rent account**

		€				€	
1/1/17	Balance b/d	[1]	200	31/12/17	Transfer to		
	Bank	[1]	3,000		Statement of		
					Profit or Loss	[1]	2,400
			<u>3,200</u>	31/12/17	Balance c/d	[1]	*800
							<u>3,200</u>

* $\frac{4}{15} \times 3,000 = \text{€}800$ [1]

e. **Commission receivable account**

		€				€	
1/1/17	Balance b/d	[1]	80	31/12/17	Bank	[1]	680
31/12/17	Transfer to				Balance c/d	[1]	50
	Statement of						
	Profit or Loss	[1]	650				
			<u>730</u>				<u>730</u>

SECTION D – Question 2

[15 marks]

a. i. Irrecoverable debts account			
2016			€
	Trade receivables	[1]	340
			<u>340</u>
			<u><u>340</u></u>

2016			€
Dec 31	Transfer to Statement of Profit or Loss	[1]	340
			<u>340</u>
			<u><u>340</u></u>

a. i. Irrecoverable debts account			
2017			€
	Trade receivables	[1]	489
			<u>489</u>
			<u><u>489</u></u>

2017			€
Dec 31	Transfer to Statement of Profit or Loss	[1]	489
			<u>489</u>
			<u><u>489</u></u>

a. ii. Irrecoverable debts recovered account			
2016			€
Dec 31	Transfer to Statement of Profit or Loss	[1]	214
			<u>214</u>
			<u><u>214</u></u>

2016			€
	Trade receivables	[1]	214
			<u>214</u>
			<u><u>214</u></u>

a. ii. Irrecoverable debts recovered account			
2017			€
Dec 31	Transfer to Statement of Profit or Loss	[1]	165
			<u>165</u>
			<u><u>165</u></u>

2017			€
	Trade receivables	[1]	165
			<u>165</u>
			<u><u>165</u></u>

a. iii. Allowance for doubtful debts account			
31/12/16	Balance c/d	[1]	300
			<u>300</u>
			<u><u>300</u></u>
31/12/17	Transfer to Statement of Profit or Loss	[1]	38
31/12/17	Balance c/d	[1]	262
			<u>300</u>
			<u><u>300</u></u>
31/12/16	Balance c/d	[1]	300
			<u>300</u>
			<u><u>300</u></u>
1/1/17	Balance b/d		300
			<u>300</u>
			<u><u>300</u></u>
1/1/18	Balance b/d		262
			<u>262</u>
			<u><u>262</u></u>

b. Statement of Profit or Loss for the year ended 31/12/17 (extract)		
Add Revenues:		€
Irrecoverable debts recovered	[1]	165
Decrease in allowance for doubtful debts	[1]	38
Less Expenses:		
Irrecoverable debts	[1]	489