DEPARTMENT FOR CURRICULUM,
LIFELONG LEARNING AND EMPLOYABILITY
Directorate for Learning and Assessment Programmes
Educational Assessment Unit

Annual Examinations for Secondary Schools 2022

YEAR 11 ACCOUNTING MARKING SCHEME

SECTION A
10 marks in total – 1 mark for each correct answer.

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

SECTION B
10 marks in total – 1 mark for each correct answer.

1. €987 2. €260,000 3. €2,450 4. €233,500 5. €330 6. €64,600 7. €360 8. €7 9. €5,400 10. €4,950

SECTION C – 35 marks in total.

(a)

Charmaine Grech
Statement of Profit or Loss for year ended 31 December 2021

	€		€	
Sales			645,000	[½]
Sales returns			(1,800)	[½]
			643,200	
Less Cost of Sales:				
Opening inventory	17,000	[½]		
Purchases	450,000	[½]		
Carriage on purchases	1,200	[½]		
Purchases returns	(2,670)	[½]		
Closing inventory	(18,500)	[½]	(447,030)	[½]
Gross profit			196,170	[1]
Rent receivable			7,500	[½]
Discount received			600	[½]
Irrecoverable debts recovered			850	[½]
			205,120	[½]
Less Expenses:				
Water and electricity (15,070 + 480)	15,550	[1]		
Interest on loan (7% × 30,000)	2,100	[1]		
Insurance (8,700 – 320)	8,380	[1]		
Advertising (12,500 – 860)	11,640	[1]		
Allowance for doubtful debts (10% × 14,800 = 1,480 – 1,020)	460	[2]		
Depreciation:				
Motor vehicles (60,000 – 21,600 = 38,400 × 20%)	7,680	[2]		
Office equipment (40,000 × 10%)	4,000	[1]		
Carriage on sales	1,500	[½]		
Discounts allowed	920	[½]		

Irrecoverable debts			900	[½]		
General administrative expenses			8,550	[½]		
Communication expenses			14,000	[½]		
Wages and salaries			23,200	[½]	(98,880)	
Net Profit					106,240	[1]

[20 marks]

(b)

Charmaine Grech

Statement of Financial Position as at 31 December 2021

Non-Current Assets	Cost		Dep'n		NBV	
Buildings	250,000		/		250,000	[½]
Office equipment	40,000	[½]	(12,000)	[1]	28,000	[½]
Motor vehicles	60,000	[½]	(29,280)	[1]	30,720	[½]
	350,000	[½]	(41,280)	[½]	308,720	[½]
Current Assets						
Inventory			18,500	[½]		
Trade Receivables	14,800	[½]				
Allowance for doubtful debts	(1,480)	[1]	13,320	[½]		
Advertising prepaid			860	[½]		
Insurance prepaid			320	[½]		
Bank			22,400	[½]		
Cash			1,550	[½]	56,950	
					365,670	[½]
Capital						
Balance 1 January 2021					227,000	[½]
Net profit					106,240	[½]
Drawings					(14,500)	[½]
					318,740	
Non-Current Liabilities						
7% Loan					30,000	[½]
Current Liabilities						
Trade payables			15,400	[½]		
Water and electricity owing			480	[½]		
Interest on loan accrued			1,050	[½]	16,930	
					365,670	[½]

[15 marks]

[Question : Total marks: 35]

SECTION D – 45 marks in total.

Question 1.

a.

Maria Borg

Statement of Affairs as at 31 December 2021

		Debit		Credit
		€		€
Premises	[1]	260,000		
Office equipment	[1]	20,000		
Trade receivables	[1]	15,500		
Trade payables			[1]	13,400
Bank overdraft			[1]	1,600
Insurance prepaid	[1]	560		
Inventory	[1]	8,460		
Capital at 31 December 2021			[2]	289,520
		304,520		304,520

[9 marks]

b. Closing Capital = Opening Capital + Net profit + Investments – Drawings

289,520 [1] = 250,000 [1] + Net profit + 18,000 [1] – 10,400 [1]

Net profit = 289,520 – 257,600 = €31,920 [2] *[6 marks]*

[Question 1: Total marks: 15]

Question 2.

a. Cash book

2022			€	2022			€
Mar 31	Balance b/d	[1]	4,350	Mar 31	SO: P Cassar Ltd	[1]	80
Mar 31	CT: P. Zammit	[1]	120	Mar 31	DD: IRD	[1]	150
				Mar 31	Bank charges	[1]	20
				Mar 31	Balance c/d	[1]	4,220
			4,470				4,470

[6 marks]

b. 2,590 [$^1/_2$] – 610 [$^1/_2$] + 120 [$^1/_2$] – 20 [$^1/_2$] = 2,080 [$^1/_2$] CR [$^1/_2$] *[3 marks]*

c. Bank Reconciliation Statement as at 31 March 2022

		€		€
Balance as per updated cash book			[1]	4,220
Add unpresented cheques:				
J Borg	[1]	480		
J. Xuereb	[1]	140		620
Less outstanding lodgements (Deposits):				
R Grima	[1]	2,530		
J Gatt	[1]	230		(2,760)
Balance as per Bank Statement			[1]	2,080

[6 marks]

[Question 2: Total marks: 15]

Question 3.

a. Capital employed = Non-current assets + Current assets – Current liabilities *[1 mark]*
2020: 500,000 – 150,000 + 100,000 = €450,000 *[1 mark]*
2021: 625,000 – 180,000 + 225,000 = €670,000 *[1 mark]*

b.

		2020	**2021**	
i.	Net profit as a percentage of sales	$\frac{60{,}000 \times 100}{300{,}000} = 20\%$	$\frac{100{,}000 \times 100}{400{,}000} = 25\%$	*[2 marks]*
ii.	ROCE	$\frac{60{,}000 \times 100}{500{,}000} = 12\%$	$\frac{100{,}000 \times 100}{625{,}000} = 16\%$	*[2 marks]*
iii.	Current ratio	$\frac{150{,}000}{100{,}000} = 1.5$	$\frac{180{,}000}{225{,}000} = 0.8$	*[2 marks]*
iv.	Acid test ratio	$\frac{150{,}000 - 25{,}000}{100{,}000} = 1.25$	$\frac{180{,}000 - 45{,}000}{225{,}000} = 0.6$	*[2 marks]*

c. Profitability: The net profit as a percentage of sales shows an increase between years 2020 and 2021. This means that the business was generating a higher net profit from sales in 2021 [1]. The ROCE is also showing an increase between years 2020 and 2021. This is indicating that the business was yielding a higher return to its owners in 2021 [1].
Liquidity: The current ratio fell from 1.5 in year 2020 to 0.8 in year 2021. The business liquidity position was unsatisfactory in year 2021 since the business was unable to pay its short term debts through its current assets [1]. The liquidity problems are confirmed by the acid test ratio results since there was a decrease from 1.25 in year 2020 to 0.6 in year 2021 [1]

(4 marks)

[Question 3: Total marks: 15]