



## **Cambridge O Level**

---

**ACCOUNTING**

**7707/23**

Paper 2 (Structured)

**October/November 2023**

**MARK SCHEME**

Maximum Mark: 100

---

|                         |
|-------------------------|
| <p><b>Published</b></p> |
|-------------------------|

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 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

**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.

**PUBLISHED****Social Science-Specific Marking Principles  
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

**PUBLISHED****3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

**PUBLISHED**

| Question      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Marks         |               |             |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|-------------|--------------|--|---------------|---------------|-------|--|---|--|-----------|-------|--|-------|--|------|-------|--|---|--|-------|--|-----|---|--|----------|--|-----|-------|--|---------|--|---------------|-----|--|--|---------------|---------------|--|---|
| 1(a)(i)       | <div>Shakir<br/>Journal</div> <table><tr><th>Date</th><th>Details</th><th>Debit<br/>\$</th><th>Credit<br/>\$</th><th></th></tr><tr><td>2023<br/>1 Sep</td><td>Motor vehicle</td><td>9 500</td><td></td><td>}</td></tr><tr><td></td><td>Inventory</td><td>1 240</td><td></td><td>} (1)</td></tr><tr><td></td><td>Bank</td><td>1 682</td><td></td><td>}</td></tr><tr><td></td><td>Latif</td><td></td><td>200</td><td>}</td></tr><tr><td></td><td>Harrison</td><td></td><td>237</td><td>} (1)</td></tr><tr><td></td><td>Capital</td><td></td><td><u>11 985</u></td><td>(1)</td></tr><tr><td></td><td></td><td><u>12 422</u></td><td><u>12 422</u></td><td></td></tr></table>                                                                                                                                                  | Date          | Details       | Debit<br>\$ | Credit<br>\$ |  | 2023<br>1 Sep | Motor vehicle | 9 500 |  | } |  | Inventory | 1 240 |  | } (1) |  | Bank | 1 682 |  | } |  | Latif |  | 200 | } |  | Harrison |  | 237 | } (1) |  | Capital |  | <u>11 985</u> | (1) |  |  | <u>12 422</u> | <u>12 422</u> |  | 3 |
| Date          | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Debit<br>\$   | Credit<br>\$  |             |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
| 2023<br>1 Sep | Motor vehicle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 9 500         |               | }           |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               | Inventory                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1 240         |               | } (1)       |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               | Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1 682         |               | }           |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               | Latif                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               | 200           | }           |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               | Harrison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |               | 237           | } (1)       |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               | Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               | <u>11 985</u> | (1)         |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>12 422</u> | <u>12 422</u> |             |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |
| 1(a)(ii)      | <p>Full details are available about the assets, liabilities, revenues and expenses of the business <b>(1)</b></p> <p>The preparation of financial statements is relatively straightforward <b>(1)</b></p> <p>The calculation of the profit or loss for the year is likely to be reliable and accurate <b>(1)</b></p> <p>More informed decision-making is possible <b>(1)</b></p> <p>A greater degree of control over business activities can be exercised <b>(1)</b></p> <p>The possibility of fraud is reduced <b>(1)</b></p> <p>Comparisons with the results of previous years and with other businesses are possible <b>(1)</b></p> <p>Detailed records are available for reference purposes <b>(1)</b></p> <p>Information required by a bank or other lender is readily available <b>(1)</b></p> <p><b>Max (2)</b></p> | 2             |               |             |              |  |               |               |       |  |   |  |           |       |  |       |  |      |       |  |   |  |       |  |     |   |  |          |  |     |       |  |         |  |               |     |  |  |               |               |  |   |

| Question | Answer              |         |     |     |                    |            |            |          |         |   | Marks |                   |            |            |  |
|----------|---------------------|---------|-----|-----|--------------------|------------|------------|----------|---------|---|-------|-------------------|------------|------------|--|
| 1(b)     | Shakir<br>Cash Book |         |     |     |                    |            |            |          |         |   | 11    |                   |            |            |  |
|          | Date                | Details |     |     | Disc<br>Alld<br>\$ | Cash<br>\$ | Bank<br>\$ | Date     | Details |   |       | Disc<br>Rec<br>\$ | Cash<br>\$ | Bank<br>\$ |  |
|          | 2023                |         |     |     |                    |            |            | 2023     |         |   |       |                   |            |            |  |
|          | Sep 1               | Balance | b/d | (1) |                    | 1 682      | Sep 2      | Rent     | (1)     |   |       |                   |            | 420        |  |
|          | 4                   | Bank    |     | (1) | 350                |            | 4          | Cash     | (1)     |   |       |                   |            | 350        |  |
|          | 17                  | Sales   | }   |     |                    | 290        | 7          | Latif    | (1)     | 6 |       |                   |            | 194        |  |
|          | 28                  | Sydney  | }   | (1) |                    | 100        |            | Wages    | (1)     |   |       | 161               |            |            |  |
|          |                     |         |     |     |                    |            | 12         | Harrison | (1)     | 5 |       |                   |            | 95         |  |
|          |                     |         |     |     |                    |            | 29         | Balances | c/d     |   |       | 189               |            | 1013       |  |
|          |                     |         |     |     |                    |            | 30         |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |
|          |                     |         |     |     |                    |            |            |          |         |   |       |                   |            |            |  |

**PUBLISHED**

| Question                                                      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks          |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------|----------------------|----|---------------------------|---------|--|--|-----------------------------------|--|---------------|--|---------------------------|---------|--|-------------------|------------------------|--------------|----------------|--|--------------------|--|---------|-------|----------------------------------------|-----------------------------|--------------|---|--|--|------------------------|--------------|--------------|---------------|---------------|-----|------------|--|---------|-------|------------------------|--|---------------|----------|-----------------------------|--------------|--|--|--------------------------------------|----------------------|-----|--|----------------------------------------------------------|-------|--|--|--------------------------------------------|-------|-----|--|---------------------------------------------------------------|---------------|-----|--|--|--|---------------|--|--|--|---------|-------|------------------------------|--|---------------|---|--|--|---------|--|-------------------------------|--|---------------|-------------------|--------------------|--|----------------|-------|----|
| 2(a)                                                          | <div>Hilary</div> <div>Manufacturing Account for the year ended 31 July 2023</div> <table><thead><tr><th></th><th>\$</th><th>\$</th><th></th></tr></thead><tbody><tr><td>Cost of material consumed</td><td></td><td></td><td></td></tr><tr><td>Opening inventory of raw material</td><td></td><td>9 100</td><td></td></tr><tr><td>Purchases of raw material</td><td>110 000</td><td></td><td></td></tr><tr><td>Less Purchases returns</td><td><u>2 200</u></td><td><u>107 800</u></td><td></td></tr><tr><td></td><td></td><td>116 900</td><td></td></tr><tr><td>Less Closing inventory of raw material</td><td></td><td><u>9 980</u></td><td></td></tr><tr><td></td><td></td><td>106 920</td><td>(1)</td></tr><tr><td>Direct wages</td><td></td><td><u>91 665</u></td><td>(1)</td></tr><tr><td>Prime cost</td><td></td><td>198 585</td><td>(1)OF</td></tr><tr><td>Factory overheads</td><td></td><td></td><td></td></tr><tr><td>Wages of factory supervisor</td><td>29 000</td><td></td><td></td></tr><tr><td>Heat, light and power (11 600 × 4/5)</td><td>9 280</td><td>(1)</td><td></td></tr><tr><td>Rates and insurance (8 250 – [5/12 × 4 440](1)) × 3/5(1)</td><td>3 840</td><td></td><td></td></tr><tr><td>Factory repairs and renewals (5 125 + 644)</td><td>5 769</td><td>(1)</td><td></td></tr><tr><td>Depreciation of factory equipment<br/>(124 000 – 35 500) × 25%</td><td><u>22 125</u></td><td>(1)</td><td></td></tr><tr><td></td><td></td><td><u>70 014</u></td><td></td></tr><tr><td></td><td></td><td>268 599</td><td>(1)OF</td></tr><tr><td>Add opening work-in-progress</td><td></td><td><u>21 357</u></td><td>*</td></tr><tr><td></td><td></td><td>289 956</td><td></td></tr><tr><td>Less closing work-in-progress</td><td></td><td><u>22 446</u></td><td>* (1) both W in P</td></tr><tr><td>Cost of production</td><td></td><td><u>267 510</u></td><td>(1)OF</td></tr></tbody></table> <td>11</td> |                | \$                | \$                   |    | Cost of material consumed |         |  |  | Opening inventory of raw material |  | 9 100         |  | Purchases of raw material | 110 000 |  |                   | Less Purchases returns | <u>2 200</u> | <u>107 800</u> |  |                    |  | 116 900 |       | Less Closing inventory of raw material |                             | <u>9 980</u> |   |  |  | 106 920                | (1)          | Direct wages |               | <u>91 665</u> | (1) | Prime cost |  | 198 585 | (1)OF | Factory overheads      |  |               |          | Wages of factory supervisor | 29 000       |  |  | Heat, light and power (11 600 × 4/5) | 9 280                | (1) |  | Rates and insurance (8 250 – [5/12 × 4 440](1)) × 3/5(1) | 3 840 |  |  | Factory repairs and renewals (5 125 + 644) | 5 769 | (1) |  | Depreciation of factory equipment<br>(124 000 – 35 500) × 25% | <u>22 125</u> | (1) |  |  |  | <u>70 014</u> |  |  |  | 268 599 | (1)OF | Add opening work-in-progress |  | <u>21 357</u> | * |  |  | 289 956 |  | Less closing work-in-progress |  | <u>22 446</u> | * (1) both W in P | Cost of production |  | <u>267 510</u> | (1)OF | 11 |
|                                                               | \$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$             |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Cost of material consumed                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Opening inventory of raw material                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 9 100          |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Purchases of raw material                                     | 110 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Less Purchases returns                                        | <u>2 200</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>107 800</u> |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 116 900        |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Less Closing inventory of raw material                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>9 980</u>   |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 106 920        | (1)               |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Direct wages                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>91 665</u>  | (1)               |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Prime cost                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 198 585        | (1)OF             |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Factory overheads                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Wages of factory supervisor                                   | 29 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Heat, light and power (11 600 × 4/5)                          | 9 280                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (1)            |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Rates and insurance (8 250 – [5/12 × 4 440](1)) × 3/5(1)      | 3 840                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Factory repairs and renewals (5 125 + 644)                    | 5 769                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (1)            |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Depreciation of factory equipment<br>(124 000 – 35 500) × 25% | <u>22 125</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (1)            |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>70 014</u>  |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 268 599        | (1)OF             |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Add opening work-in-progress                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>21 357</u>  | *                 |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 289 956        |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Less closing work-in-progress                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>22 446</u>  | * (1) both W in P |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Cost of production                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>267 510</u> | (1)OF             |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| 2(b)                                                          | <table><thead><tr><th></th><th>\$</th><th>\$</th><th>\$</th><th></th></tr></thead><tbody><tr><td>Revenue</td><td></td><td></td><td>457 250</td><td></td></tr><tr><td>Cost of sales</td><td></td><td></td><td></td><td></td></tr><tr><td>Opening inventory</td><td></td><td>24 235</td><td>*</td><td></td></tr><tr><td>Cost of production</td><td></td><td>267 510</td><td>(1)OF</td><td></td></tr><tr><td>Purchases of finished goods</td><td>23 500</td><td>}</td><td></td><td></td></tr><tr><td>Less Purchases returns</td><td><u>4 700</u></td><td>}(1)</td><td><u>18 800</u></td><td></td></tr><tr><td></td><td></td><td></td><td>310 545</td><td></td></tr><tr><td>Less Closing inventory</td><td></td><td><u>25 110</u></td><td>*(1)Both</td><td><u>285 435</u></td></tr><tr><td>Gross profit</td><td></td><td></td><td></td><td><u>171 815</u> (1)OF</td></tr></tbody></table> <td>4</td>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                | \$                | \$                   | \$ |                           | Revenue |  |  | 457 250                           |  | Cost of sales |  |                           |         |  | Opening inventory |                        | 24 235       | *              |  | Cost of production |  | 267 510 | (1)OF |                                        | Purchases of finished goods | 23 500       | } |  |  | Less Purchases returns | <u>4 700</u> | }(1)         | <u>18 800</u> |               |     |            |  | 310 545 |       | Less Closing inventory |  | <u>25 110</u> | *(1)Both | <u>285 435</u>              | Gross profit |  |  |                                      | <u>171 815</u> (1)OF | 4   |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               | \$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$             | \$                |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Revenue                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                | 457 250           |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Cost of sales                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Opening inventory                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 24 235         | *                 |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Cost of production                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 267 510        | (1)OF             |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Purchases of finished goods                                   | 23 500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | }              |                   |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Less Purchases returns                                        | <u>4 700</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | }(1)           | <u>18 800</u>     |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                | 310 545           |                      |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Less Closing inventory                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>25 110</u>  | *(1)Both          | <u>285 435</u>       |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |
| Gross profit                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                |                   | <u>171 815</u> (1)OF |    |                           |         |  |  |                                   |  |               |  |                           |         |  |                   |                        |              |                |  |                    |  |         |       |                                        |                             |              |   |  |  |                        |              |              |               |               |     |            |  |         |       |                        |  |               |          |                             |              |  |  |                                      |                      |     |  |                                                          |       |  |  |                                            |       |     |  |                                                               |               |     |  |  |  |               |  |  |  |         |       |                              |  |               |   |  |  |         |  |                               |  |               |                   |                    |  |                |       |    |

**PUBLISHED**

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Marks    |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 2(c)     | <p><b>Advantages of stopping buying in finished goods</b></p> <p>Not dependent on supplier for ensuring continuity of supplies of goods/more control if produce own goods <b>(1)</b></p> <p>May have more control over quality of goods produced in own factory <b>(1)</b></p> <p>Would have more control over cost <b>(1)</b></p> <p>May be more profitable/cheaper to produce and sell own goods <b>(1)</b></p> <p>Not all manufacturing costs will increase in proportion to any increase in production <b>(1)</b></p> <p>Currently a high proportion of purchases of finished goods are returned <b>(1)</b></p> <p><b>Accept other valid points</b></p> <p><b>Max (3)</b></p><br><p><b>Disadvantages of stopping buying in finished goods</b></p> <p>Increase in factory running costs/cost of production <b>(1)</b></p> <p>May need to purchase additional machinery <b>(1)</b></p> <p>May not be able to increase factory capacity by enough to meet demand <b>(1)</b></p> <p>May not be able to meet increase in demand/if demand falls may have surplus capacity and increased inventory <b>(1)</b></p> <p>Quality of goods purchased may be inferior <b>(1)</b></p> <p><b>Accept other valid points</b></p> <p><b>Max (3)</b></p><br><p><b>Recommendation (1)</b></p> | <b>5</b> |

**PUBLISHED**

| Question   | Answer                                                       |                                                           |                                    |                                                               |                                                              |                                                               | Marks |
|------------|--------------------------------------------------------------|-----------------------------------------------------------|------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|-------|
| 3(a)       | Logan<br>Inventory account                                   |                                                           |                                    |                                                               |                                                              |                                                               | 3     |
|            | Date<br>2022<br>Oct 1                                        | Details<br>Balance b/d<br><br>Income statement            | (1)<br><br>(1)                     | \$<br><u>8 400</u><br><u>8 400</u><br>8 675                   | Date<br>2023<br>Sep 30                                       | Details<br>Income statement                                   |       |
| 3(b)       | Logan<br>Provision for doubtful debts account                |                                                           |                                    |                                                               |                                                              |                                                               | 4     |
|            | Date<br>2023<br>Sep 30                                       | Details<br>Balance c/d                                    | (1)<br><br><u>335</u>              | \$<br>335<br><br><u>335</u>                                   | Date<br>2022<br>Oct 1<br>2023<br>Sep 30<br><br>2023<br>Oct 1 | Details<br>Balance b/d<br>Income statement<br><br>Balance b/d |       |
| 3(c)       | Logan<br>Rent payable account                                |                                                           |                                    |                                                               |                                                              |                                                               | 6     |
|            | Date<br>2022<br>Oct 1<br>Dec 1<br>2023<br>Jun 1<br><br>Oct 1 | Details<br>Balance b/d<br>Bank<br><br>Bank<br>Balance b/d | (1)<br>(1)<br><br>(1)<br><br>(1)OF | \$<br>820<br>2 460<br><br><u>2 490</u><br><u>5 770</u><br>830 | Date<br>2023<br>Sep 30                                       | Details<br>Income statement<br>Balance c/d                    |       |
| +(1) Dates |                                                              |                                                           |                                    |                                                               |                                                              |                                                               |       |

**PUBLISHED**

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Marks    |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 3(d)(i)  | Inventory is valued at the lower of cost and net realisable value <b>(1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1</b> |
| 3(d)(ii) | The rent relating to the current year is transferred to the income statement <b>(1)</b><br>The total rent paid is adjusted for prepayments before transfer to the income statement <b>(1)</b><br><b>Max (1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1</b> |
| 3(e)     | <p><b>Advantages of buying premises using loan</b></p> <p>Would not have to pay rent <b>(1)</b></p> <p>Will not be subject to future rent increases <b>(1)</b></p> <p>May be cheaper in the long run <b>(1)</b></p> <p>Property will be owned so can adapt to requirements/rent out etc. <b>(1)</b></p> <p>Have several years to repay the loan <b>(1)</b></p> <p>No further obligation after loan repaid <b>(1)</b></p> <p>Over a period of time property may increase in value <b>(1)</b></p> <p><b>Accept other valid points</b></p> <p><b>Max (3)</b></p> <p><b>Disadvantages of buying premises using loan</b></p> <p>Have to pay interest on loan <b>(1)</b></p> <p>Loan must be repaid when due <b>(1)</b></p> <p>Loan would probably be secured on the property/assets may be at risk if loan not repaid <b>(1)</b></p> <p>Will be responsible for maintenance of property <b>(1)</b></p> <p>Percentage of interest on loan may increase <b>(1)</b></p> <p><b>Accept other valid points</b></p> <p><b>Max (3)</b></p> <p><b>Recommendation (1)</b></p> | <b>5</b> |

**PUBLISHED**

| Question         | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Marks            |                  |                        |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------------|------------------|---------|----|-------------------|---------------------------------|-----|------------|-----------------|----------------|-----|-----------|------------|---|------------------------|-----|----|-------------|-----------|------------------------------------------------|------------|-----------|-------------------|---|-----------------|----|----|------------|----|--|--|--|--|--|---|
| 4(a)             | <div>Asia Journal</div> <table><thead><tr><th>Error number</th><th>Details</th><th>Debit \$</th><th>Credit \$</th><th></th></tr></thead><tbody><tr><td>1</td><td>Jacques Purchases</td><td>112</td><td>112</td><td>(1)<br/>(1)</td></tr><tr><td>2</td><td>Suspense Wages</td><td>300</td><td>300</td><td>(1)<br/>(1)</td></tr><tr><td>3</td><td>Suspense Savanah</td><td>75</td><td>75</td><td>(1)<br/>(1)</td></tr><tr><td>4</td><td>Sales returns<br/>Purchases returns<br/>Suspense</td><td>396<br/>198</td><td>594</td><td>(1)<br/>(1)<br/>(1)</td></tr><tr><td>5</td><td>Sophie Suspense</td><td>54</td><td>54</td><td>(1)<br/>(1)</td></tr></tbody></table> | Error number     | Details          | Debit \$               | Credit \$        |         | 1  | Jacques Purchases | 112                             | 112 | (1)<br>(1) | 2               | Suspense Wages | 300 | 300       | (1)<br>(1) | 3 | Suspense Savanah       | 75  | 75 | (1)<br>(1)  | 4         | Sales returns<br>Purchases returns<br>Suspense | 396<br>198 | 594       | (1)<br>(1)<br>(1) | 5 | Sophie Suspense | 54 | 54 | (1)<br>(1) | 11 |  |  |  |  |  |   |
| Error number     | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Debit \$         | Credit \$        |                        |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 1                | Jacques Purchases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 112              | 112              | (1)<br>(1)             |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 2                | Suspense Wages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 300              | 300              | (1)<br>(1)             |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 3                | Suspense Savanah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 75               | 75               | (1)<br>(1)             |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 4                | Sales returns<br>Purchases returns<br>Suspense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 396<br>198       | 594              | (1)<br>(1)<br>(1)      |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 5                | Sophie Suspense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 54               | 54               | (1)<br>(1)             |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
| 4(b)             | <div>Asia Suspense account</div> <table><thead><tr><th>Date 2023 Aug 31</th><th>Details</th><th>\$</th><th>Date 2023 Aug 31</th><th>Details</th><th>\$</th></tr></thead><tbody><tr><td></td><td>Difference on trial balance (1)</td><td>273</td><td></td><td>Sales returns }</td><td>396</td></tr><tr><td></td><td>Wages (1)</td><td>300</td><td></td><td>Purchases returns }(1)</td><td>198</td></tr><tr><td></td><td>Savanah (1)</td><td><u>75</u></td><td></td><td>Sophie (1)</td><td><u>54</u></td></tr><tr><td></td><td></td><td><u>648</u></td><td></td><td></td><td><u>648</u></td></tr><tr><td colspan="6"></td></tr></tbody></table>                     | Date 2023 Aug 31 | Details          | \$                     | Date 2023 Aug 31 | Details | \$ |                   | Difference on trial balance (1) | 273 |            | Sales returns } | 396            |     | Wages (1) | 300        |   | Purchases returns }(1) | 198 |    | Savanah (1) | <u>75</u> |                                                | Sophie (1) | <u>54</u> |                   |   | <u>648</u>      |    |    | <u>648</u> |    |  |  |  |  |  | 5 |
| Date 2023 Aug 31 | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$               | Date 2023 Aug 31 | Details                | \$               |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|                  | Difference on trial balance (1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 273              |                  | Sales returns }        | 396              |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|                  | Wages (1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 300              |                  | Purchases returns }(1) | 198              |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|                  | Savanah (1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>75</u>        |                  | Sophie (1)             | <u>54</u>        |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>648</u>       |                  |                        | <u>648</u>       |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |
|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                  |                        |                  |         |    |                   |                                 |     |            |                 |                |     |           |            |   |                        |     |    |             |           |                                                |            |           |                   |   |                 |    |    |            |    |  |  |  |  |  |   |

**PUBLISHED**

| Question | Answer       |                                                                                                                                                       |              |   |                     |   |           |            | Marks    |
|----------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---|---------------------|---|-----------|------------|----------|
| 4(c)     | Error number | Error                                                                                                                                                 | Gross profit |   | Profit for the year |   | No effect |            | <b>4</b> |
|          |              |                                                                                                                                                       | +            | – | +                   | – |           |            |          |
|          | 1            | <i>A credit purchase, \$112, from Jacques, had been debited twice to the purchases account.</i>                                                       |              | ✓ |                     | ✓ |           |            |          |
|          | 2            | The wages account had been overcast by \$300.                                                                                                         |              |   |                     | ✓ |           | <b>(1)</b> |          |
|          | 3            | Cash received, \$75 from Savannah, a trade receivable, had only been entered in the cash book.                                                        |              |   |                     |   | ✓         | <b>(1)</b> |          |
|          | 4            | The total of the sales returns journal for August 2023, \$198, had been credited to both the sales returns account and the purchases returns account. | ✓            |   | ✓                   |   |           | <b>(1)</b> |          |
|          | 5            | A payment to Sophie, \$93, had been recorded as \$39 in Sophie's account.                                                                             |              |   |                     |   | ✓         | <b>(1)</b> |          |

**PUBLISHED**

| Question                                               | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                    |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|--------------------------|----------------------------|---------------------------|--|----------------|--------|---------------|--------|--------|---------|---------------------|--------|-------|--------|----------------|-----------|---------------|-------|---------------------------------------|---------|---------|---------|---------------------------------|--------|-------|---------|--------------------------------------------------------|---------|-----------------|--------|-----------------------------------------|--------|---------|-----------|---------------------|--|--------|-------|---|--|---|
| 5(a)                                                   | <div>B Limited</div> <div>Income Statement for the year ended 30 June 2023</div> <table><tr><td></td><td>\$</td><td>\$</td><td></td></tr><tr><td>Revenue (135 040 – 9 240)</td><td></td><td>125 800</td><td>(1)</td></tr><tr><td>Less Expenses</td><td></td><td></td><td></td></tr><tr><td>Wages and salaries</td><td>72 000</td><td></td><td></td></tr><tr><td>Motor expenses</td><td>9 820</td><td></td><td></td></tr><tr><td>Insurance (1/2 × 7 220)+(1/2 × 7 440)</td><td>7 320</td><td></td><td>(1)</td></tr><tr><td>General expenses (12 780 + 186)</td><td>12 966</td><td></td><td>(1)</td></tr><tr><td>Depreciation of motor vehicles (42 000 – 16 500) × 25%</td><td>6 375</td><td></td><td>(1)</td></tr><tr><td>Depreciation of equipment (5 000 × 20%)</td><td>1 000</td><td>109 481</td><td>(1)</td></tr><tr><td>Profit for the year</td><td></td><td>16 319</td><td>(1)OF</td></tr></table>                           |                          | \$                              | \$                       |                            | Revenue (135 040 – 9 240) |  | 125 800        | (1)    | Less Expenses |        |        |         | Wages and salaries  | 72 000 |       |        | Motor expenses | 9 820     |               |       | Insurance (1/2 × 7 220)+(1/2 × 7 440) | 7 320   |         | (1)     | General expenses (12 780 + 186) | 12 966 |       | (1)     | Depreciation of motor vehicles (42 000 – 16 500) × 25% | 6 375   |                 | (1)    | Depreciation of equipment (5 000 × 20%) | 1 000  | 109 481 | (1)       | Profit for the year |  | 16 319 | (1)OF | 6 |  |   |
|                                                        | \$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$                       |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Revenue (135 040 – 9 240)                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 125 800                  | (1)                             |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Less Expenses                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                          |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Wages and salaries                                     | 72 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                          |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Motor expenses                                         | 9 820                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Insurance (1/2 × 7 220)+(1/2 × 7 440)                  | 7 320                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          | (1)                             |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| General expenses (12 780 + 186)                        | 12 966                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                          | (1)                             |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Depreciation of motor vehicles (42 000 – 16 500) × 25% | 6 375                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          | (1)                             |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Depreciation of equipment (5 000 × 20%)                | 1 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 109 481                  | (1)                             |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Profit for the year                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 16 319                   | (1)OF                           |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| 5(b)                                                   | <div>B Limited</div> <div>Statement of Changes in Equity for the year ended 30 June 2023</div> <table><tr><th>Details</th><th>Ordinary<br/>share capital<br/>\$</th><th>General<br/>Reserve<br/>\$</th><th>Retained<br/>earnings<br/>\$</th><th>Total<br/>\$</th><th></th></tr><tr><td>On 1 July 2022</td><td>10 000</td><td>2 000</td><td>13 490</td><td>25 490</td><td>(1) row</td></tr><tr><td>Profit for the year</td><td>.....</td><td>.....</td><td>16 319</td><td>16 319</td><td>(1)OF row</td></tr><tr><td>Dividend paid</td><td>.....</td><td>.....</td><td>(4 800)</td><td>(4 800)</td><td>(1) row</td></tr><tr><td>Transfer to general reserve</td><td>.....</td><td>1 000</td><td>(1 000)</td><td>.....</td><td>(1) row</td></tr><tr><td>On 30 June 2023</td><td>10 000</td><td>3 000</td><td>24 009</td><td>37 009</td><td>(1)OF row</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> | Details                  | Ordinary<br>share capital<br>\$ | General<br>Reserve<br>\$ | Retained<br>earnings<br>\$ | Total<br>\$               |  | On 1 July 2022 | 10 000 | 2 000         | 13 490 | 25 490 | (1) row | Profit for the year | .....  | ..... | 16 319 | 16 319         | (1)OF row | Dividend paid | ..... | .....                                 | (4 800) | (4 800) | (1) row | Transfer to general reserve     | .....  | 1 000 | (1 000) | .....                                                  | (1) row | On 30 June 2023 | 10 000 | 3 000                                   | 24 009 | 37 009  | (1)OF row |                     |  |        |       |   |  | 5 |
| Details                                                | Ordinary<br>share capital<br>\$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | General<br>Reserve<br>\$ | Retained<br>earnings<br>\$      | Total<br>\$              |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| On 1 July 2022                                         | 10 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2 000                    | 13 490                          | 25 490                   | (1) row                    |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Profit for the year                                    | .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | .....                    | 16 319                          | 16 319                   | (1)OF row                  |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Dividend paid                                          | .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | .....                    | (4 800)                         | (4 800)                  | (1) row                    |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| Transfer to general reserve                            | .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1 000                    | (1 000)                         | .....                    | (1) row                    |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| On 30 June 2023                                        | 10 000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 3 000                    | 24 009                          | 37 009                   | (1)OF row                  |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                          |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |
| 5(c)(i)                                                | <div>The company provides a service rather than a product (1)</div> <div>The clients provide their own cleaning materials (1)</div> <div>Max (2)</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2                        |                                 |                          |                            |                           |  |                |        |               |        |        |         |                     |        |       |        |                |           |               |       |                                       |         |         |         |                                 |        |       |         |                                                        |         |                 |        |                                         |        |         |           |                     |  |        |       |   |  |   |

**PUBLISHED**

| Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Marks              |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 5(c)(ii)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | There were no irrecoverable debts during the year/there are no irrecoverable trade receivables (1)<br>There are very few trade receivables/trade receivables represent less than a week's revenue (1)<br>Some customers are paying in advance (1)<br>Max (2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2                  |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |
| 5(d)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <table><tr><th>Issuing debentures</th><th>Issuing ordinary shares</th></tr><tr><td>Annual interest is payable (1)<br/><br/>Are a liability\are a loan\must be repaid (1)<br/><br/>If company is wound up they are repaid before ordinary shareholders (1)<br/><br/>Debenture holders are not members of the company/cannot vote (1)<br/><br/>Issue of debentures will not dilute the control of the existing ordinary shareholders (1)<br/><br/>Interest is a fixed amount (1) (and so can be budgeted for)<br/><br/>Interest must be paid irrespective of profits (1)<br/><br/>May be secured on the non-current assets of the company (1)<br/><br/>Issue may not raise adequate funds (1)<br/><br/>Max (3)</td><td>A dividend may be paid (1)<br/><br/>Do not have to be repaid (1)<br/><br/>If company is wound up they are repaid after debenture holders (1)<br/><br/>Shares will carry same voting rights/rank equally as existing shares (1)<br/><br/>May dilute control of existing shareholders (1) (if some purchase a greater proportion of shares)<br/><br/>Dividend is not fixed (and may depend on profit levels) (1)<br/><br/>Directors they can decide on amount of dividend they will pay (1)<br/><br/>May take longer to raise the funds (1)<br/><br/>Issue may not raise adequate funds (1)<br/><br/>Max (3)</td></tr></table> <p>Recommendation (1)</p> | Issuing debentures | Issuing ordinary shares | Annual interest is payable (1)<br><br>Are a liability\are a loan\must be repaid (1)<br><br>If company is wound up they are repaid before ordinary shareholders (1)<br><br>Debenture holders are not members of the company/cannot vote (1)<br><br>Issue of debentures will not dilute the control of the existing ordinary shareholders (1)<br><br>Interest is a fixed amount (1) (and so can be budgeted for)<br><br>Interest must be paid irrespective of profits (1)<br><br>May be secured on the non-current assets of the company (1)<br><br>Issue may not raise adequate funds (1)<br><br>Max (3) | A dividend may be paid (1)<br><br>Do not have to be repaid (1)<br><br>If company is wound up they are repaid after debenture holders (1)<br><br>Shares will carry same voting rights/rank equally as existing shares (1)<br><br>May dilute control of existing shareholders (1) (if some purchase a greater proportion of shares)<br><br>Dividend is not fixed (and may depend on profit levels) (1)<br><br>Directors they can decide on amount of dividend they will pay (1)<br><br>May take longer to raise the funds (1)<br><br>Issue may not raise adequate funds (1)<br><br>Max (3) | 5 |
| Issuing debentures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Issuing ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |
| Annual interest is payable (1)<br><br>Are a liability\are a loan\must be repaid (1)<br><br>If company is wound up they are repaid before ordinary shareholders (1)<br><br>Debenture holders are not members of the company/cannot vote (1)<br><br>Issue of debentures will not dilute the control of the existing ordinary shareholders (1)<br><br>Interest is a fixed amount (1) (and so can be budgeted for)<br><br>Interest must be paid irrespective of profits (1)<br><br>May be secured on the non-current assets of the company (1)<br><br>Issue may not raise adequate funds (1)<br><br>Max (3) | A dividend may be paid (1)<br><br>Do not have to be repaid (1)<br><br>If company is wound up they are repaid after debenture holders (1)<br><br>Shares will carry same voting rights/rank equally as existing shares (1)<br><br>May dilute control of existing shareholders (1) (if some purchase a greater proportion of shares)<br><br>Dividend is not fixed (and may depend on profit levels) (1)<br><br>Directors they can decide on amount of dividend they will pay (1)<br><br>May take longer to raise the funds (1)<br><br>Issue may not raise adequate funds (1)<br><br>Max (3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                    |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |