Section A – Multiple Choice Questions

1.	C	11.	B
2.	B	12.	A
3.	D	13.	B
4.	A	14.	B
5.	D	15.	C
6.	C	16.	B
7.	C	17.	D
8.	A	18.	D
9.	C	19.	B
10.	C	20.	C

Section B – Structured Questions

1 (a)

Date	Business document	Book of prime entry
4 June	Invoice **(1)**	Sales journal **(1)**
8 June	Credit note **(1)**	Sales returns journal **(1)**

[4]

(b) Statement of account **(2)**   [2]

(c)

Mary

2013		$	2013		$
June 1	Balance b/d	680 **(1)**	June 5	Bank	646 **(1)**
June 4	Sales	688 **(1)**	June 5	Discount allowed	34 **(1)**
June 28	Sales	258 **(1)**	June 8	Sales returns	86 **(1)**
			June 29	Bank	602 **(1)**
			June 30	Balance c/d	258 **(1)**
		1626			1626

July 1   Balance b/d   258 **(1) of**

Mark for figure and detail.
Plus **one** mark awarded for dates.   [10]

(d)

Account	Sales ledger	Purchase ledger	General ledger
Sales			**GIVEN**
Drawings			✓ **(1)**
Kline Ltd (Supplier)		✓ **(1)**	
Millar and Son (Customer)	✓ **(1)**		
Insurance			✓ **(1)**

[4]

2 **(a)** To account for cost consumed / used during the financial year
        To charge a share of the cost to the income statement for the year
        Reduce the book value of non-current assets in the balance sheet
        To spread the cost over its useful economic life
        Wear & tear, passage of time, obsolescence & depletion (2 per point)
        Comply with accounting principles and concepts, e.g. prudence, matching.
        (2–0) × 2 points

  (b) Machinery will lose a high proportion of its value in the early years
        Low maintenance costs in early years, higher in later years
        Changes in technology may outdate the machinery
        (2–0) × 2 points

  (c) Calculation of depreciation:

	Machinery $	Office furniture $	Loose tools $
Cost/value	80 000	15 000	1 050
Additions	18 000	-	630
	-	(1 000)	-
	98 000	14 000	1 680
Accum Prov	60 000	4 800	
	38 000	9 200	
Depreciation 25%	9 500 **(2–0)**	1 400 **(2–0)**	280 **(2–0)**
Net book value	28 500	7 800	1 400

  (d)

	$
Cost	1 000
Depreciation	200 **(1)**
	800
Sale price	550 **(1)**
Loss on sale	250 **(1of)**

  (e) Non-current assets

	Cost $	Accumulated Depreciation $	Net book value $
Machinery	98 000	69 500 (>60k)	28 500 **(1of)**
Office furniture	14 000	6 200 (>5k)	7 800 **(1of)**

3. (a)   **Purchase Ledger Control Account**

		$			$
July 31	Purchases returns	225	July 1	Balance b/d	2 780
	Bank	5 130	31	Credit Purchases	6 561
	Discount received	110		Refund from suppliers	60
	Contra	360		Balance c/d	40
	Balance c/d	3 616			
		9 441			9 441
	Balance b/d	40		Balance b/d	3 616

Sales Ledger Control Account

		$			$
July 1	Balance b/d	9 526	July 31	Revenue returns	160
31	Credit sales	20 375		Bank	19 540
	Bank-Dishonoured cheque	270		Discount allowed	220
	Interest charged to customers	80		Irrecoverable debts	150
	Balance c/d	64		Contra	360
				Balance c/d	9 885
		30 315			30 315
				Balance b/d	64

(b)
- Control accounts act as independent checks on the sales and purchases ledgers;
- They provide the totals of trade receivables and trade payables quickly when a trial balance is prepared;
- They are used to identify the ledger or ledgers to locate errors.
- They act as a deterrent against fraud.
- They can be used to calculate the total credit sales and credit purchases when double entry is not maintained.

4.

(a)   Rent Receivable Account

Date	Details	$		Date	Details	$	
2016				2015			
Jan 31	Bank	700	(1)	Oct 1	Balance b/d	2 500	
				Dec 31	Bank	6 700	(1)
Sept 30	Income statement/ Profit and loss/ IS/ P&L	12 000	(1)	2016			
				April 30	Bank	3 100	(1)
				Sept 30	Balance c/d	400	
		12 700				12 700	
Oct 1	Balance b/d	400	(1)of				

[5]

(b) **Income Statement extract**

	$	$	$
Income:			
Rent receivable		12 000	

(c) **Statement of financial position extract**

	$	$	$
Current assets:			
Other receivables – rent receivable due		400	

(d) Matching or accrual principle