



MRIEHEL SENIOR SCHOOL HALF-YEARLY EXAMINATIONS 2016/2017



Track 3

FORM: 4

ACCOUNTING (Marking Scheme)

Time: 2 hrs

Name: _____

Class: _____

ANSWER ALL QUESTIONS.

Section A: Multiple Choice Questions. Tick the correct answer by a ✓.
(2 marks x 10 questions = 20 marks)

1. Glee Company Limited's Cash Book showed a balance of €2,910 as at 31st December 2016. It discovered that at the same date it had €730 unpresented cheques and €560 cheques received and paid into the bank, but not yet entered on the Bank Statement. The Balance as per Bank Statement as at 31st December 2016 should read:

(a) €3,080.

(b) €2,740.

(c) €1,620.

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2. A cheque received by a business from a customer for which, at a later date, the customer's bank will not pay the amount due on the cheque is said to have become:

(a) A post-dated cheque.

(b) A dishonoured cheque.

(c) Stale.

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3. The Cash Book of A. Parkinson shows a bank debit balance of €6,800 as at 31st December 2015. The Bank Statement for A. Parkinson's Bank Account shows a balance of €9,000 CR as at the same date. The Bank Balance to be included in A. Parkinson's Statement of Financial Position as at 31st December 2015 should be:

(a) €9,000.

(b) €2,200.

(c) €6,800.

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4. At the end of 31st December 2015, the debtors of a business amounted to €85,000. This figure includes the debts of R. Debono and C. Micallef, €480 and €6,300 respectively. Both amounts have been declared as Irrecoverable Debts at the end of 2015. If the Allowance for Doubtful Debts is calculated at 10%, the Allowance for the year ended 31st December 2015 should read:
- (a) €7,822. ☐
- (b) €6,780. ☐
- (c) €8,500. ☐
5. The Allowance for Doubtful Debts for A. Cauchi Enterprises for the years ending 30th June 2015 and 2016 are €120 and €140 respectively. The Allowance for Doubtful Debts included in A. Cauchi's Income Statement for the year ending 30th June 2016 was of:
- (a) €140 as an expense. ☐
- (b) €120 as an expense. ☐
- (c) €20 as an expense. ☐
6. A balance of €9,356 is shown at 1st September 2015 in the Allowance for Doubtful Debts Account of Farrugia Enterprises, whilst a balance of €10,000 is shown in the same account as at 31st August 2016. The €9,356 balance should have been show:
- (a) As an expense in the Income Statement for the year ending 31st August 2015. ☐
- (b) As a deduction from Trade Receivables in the Statement of Financial Position as at 31st August 2015. ☐
- (c) As an expense in the Income Statement for the year ending 31st August 2016. ☐
7. A printer costs €800. It will be kept for 5 years and sold for €100. The Allowance for Depreciation to be charged in the Income Statement each year should be:
- (a) €140. ☐
- (b) €800. ☐
- (c) €100. ☐
8. A car bought in January 2014 costed A. Gill €8,000. By the end of December 2016, the allowance for depreciation on this car amounted to €2,000. On 1st January 2017, the car was sold for €4,000. A. Gill has:
- (a) Earned a profit on disposal of €2,000. ☐
- (b) Lost €2,000 upon the disposal of the car. ☐
- (c) Earned a profit on disposal of €4,000. ☐

9. A 5% allowance for depreciation on the cost of machinery is charged each year in the Income Statement. If the machinery has been bought on 1st January 2010 for €10,000, then by the end of 31st December 2016, the machinery had a Net Book Value of:

- (a) €3,000.
(b) €10,000.
(c) €7,000.

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10. If a €500 loss was registered on the disposal of a non-current asset at 31st May 2016 which had a Net Book Value of €800 at the same date, then it was sold for the price of:

- (a) €1,300.
(b) €300.
(c) €500.

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Section B: Match Part A with Part B by writing the corresponding number in the column in front of Part B.

(1 mark x 10 parts = 10 marks)

No.	Part A		Part B
1	A bank overdraft	2	calculates an equal annual Allowance for Depreciation throughout the lifetime of a non-current asset.
2	The Straight Line Method	4	is considered as an expense in the Income Statement of a Business.
3	A post-dated cheque		are amounts entered in the Cash Book but not yet shown on the Bank Statement.
4	An increase in the Allowance for Doubtful Debts	10	will start with the Cash Book Balance and then reconciled with the Bank Statement balance.
5	The account of a debtor	8	is found by deducting the accumulated depreciation on a non-current asset from its original cost.
6	A direct debit	9	should be recorded on the credit side of a business' Cash Book.
7	A bank lodgement not yet credited	5	is reinstated (<i>re-opened</i>) in the event of an Irrecoverable Debt Recovered.
8	The Net Book Value of a Non-Current Asset	1	is shown by a credit balance in the Cash Book.
9	A credit transfer by a business	6	gives permission to a business to obtain money directly from its customer's bank account.
10	The Bank Reconciliation Statement	3	will be returned by the bank if it is presented for payment before the date appearing thereon.

Section C: Fill in the missing information after reading the information about each of the five cars owned by John's Garage. Kindly show your workings on page 5 of the Examination Paper.

(10 x 2 marks each = 20 marks)



Car A costing
€15,000.

Bought in January 2010.
10% Allowance for
Depreciation on cost.

Its Net Book Value at 31st
December 2016 is of
€ 4500.



Car B costing
€18,000.

Net Book Value of €14,500 at
1st January 2016.
6% Allowance for
Depreciation with Reducing
Balance Method.

Net Book Value of **€13,630** at
1st January 2017.
Loss on disposal of
€1,000 if sold for €12,630.



Car C costing
€15,000.

Net Book Value of €8,000 as
at 31st December 2016.
Bought on 1st January 2010.
The Straight Line method is
used for calculating
Depreciation.

€1,000 Allowance for
Depreciation must be charged
in the Income Statement for
the year ending 31st
December 2017.



Car D costing
€25,000.

Net Book Value of €20,000
as at 31st December 2014.
5% Reducing Balance
Method is used as a method
for calculating Depreciation.

€1,000 is the Allowance for
Depreciation for 2015 and
€950 for 2016. The total
accumulated depreciation as
at 31st December 2015 is of
€6,950.



Car E costing
€30,000.

Sold for €25,000 on 31st
December 2016. A profit on
disposal was registered of
€1,000.
Each year this car was
depreciated with €1,000, even
in its year of disposal.

The car was bought on 1st
January **2011**. The total
accumulated depreciation till
31st December 2016 was of
€6,000 whilst its Net Book
Value at the same date was of
€24,000.

Kindly show your workings here for Section C.



Section D:

Jeff White was a transport provider, whose main assets were motor vans.

On 1st January 2009, start of the financial year, the cost of his motor vans was of €50,000 and the Allowance for depreciation as at the same date was of €15,000.

On 1st April 2009, he bought a motor-van costing €8,000. On the same date he sold a motor-van, originally bought in 2007 at the cost of €10,000 for €7,500 cash. The rate of depreciation used is of 20% per annum using the Reducing Balance Method. A full year's depreciation is charged in the year of purchase and none is charged in the year of disposal.

Required:

- a) Motor-Van Account for 2009. Balance off at the end of the year. (4 marks)

		Motor-Vehicle A/c			
2009	Details	€	2009	Details	€
01 Jan	Balance b/d	50,000	01 Apr	Disposal	10,000
01 Apr	Bank	8,000	31 Dec	Balance c/d	48,000
		58,000			58,000
2010			2010		
01 Jan	Balance b/d	48,000			

- b) The Allowance for Depreciation for the Motor-Vans for 2009. Balance off. (8 marks)

		Allowance for Depreciation A/c			
2009	Details	€	2009	Details	€
01 Apr	Disposal	3,600	01 Jan	Balance b/d	15,000
			31 Dec	Income Statement	5,720
				(€40,000 – €11,400 x 20%)	
			31 Dec	Income Statement	1,600
31 Dec	Balance c/d	18,720		(€8,000 x 20%)	
		22,320			22,320
2010			2010		
			01 Jan	Balance b/d	18,720

c) The Motor-Van Disposal Account (4 marks)

		Motor-Van Disposal A/c			
2009	Details	€	2009	Details	€
01 Apr	Motor-Van	10,000	01 Apr	All. For Deprec'n	3,600
01 Apr	Income Statement	1,100	01 Apr	Cash	7,500
		11,100			11,100

d) A Statement of the Financial Position of a Business (Extract) as at 31st December 2009. (4 marks)

<u>Non-Currents Assets</u>	Cost	Depreciation to date	Net Book Value
	€	€	€
Motor-Vehicles	48,000	18,720	29,280

Section E:

The following is an extract of the Statement of the Financial Position of Sue Harrington as at 31st December 2015:

<u>Currents Assets</u>	€	€
Closing Stock		15,000
Trade Receivables	45,000	
Less: Allowance for Doubtful Debts	1,500	43,500

During the year 2016, Irrecoverable Debts written off amounted to €1,300. Trade Receivables at the end of 2016 (*excluding Irrecoverable Debts*) were €38,000, and the allowance for doubtful debts is calculated at 5% of total remaining debtors.

Required:

- a) Irrecoverable Debts Account for the year ending 31st December 2016. (4 marks)

		Irrecoverable Debts A/c			
2016	Details	€	2016	Details	€
31 Dec	Debtors' Accounts	1,300	31 Dec	Income Statement	1,300

- b) Allowance for Irrecoverable Debts Account for the year ending 31st December 2016. (8 marks)

		Allowance for Irrecoverable Debts A/c			
2016	Details	€	2016	Details	€
			01 Jan	Balance b/d	1,500
31 Dec	Balance c/d	1,900	31 Dec	Income Statement	400
		1,900			1,900
2017			2017		
			01 Jan	Balance b/d	1,900

- c) An extract from the Income Statement for the year ending 31st December 2016.
(3 marks)

	€	€
Gross Profit		xxx
<u>Less: Expenses</u>		
Increase in Allowance for Irrecoverable Debts	400	

- d) An extract from the Statement of the Financial Position as at 31st December 2016.
(3 marks)

<u>Currents Assets</u>	€	€
Closing Stock		xxx
Trade Receivables	38,000	
<u>Less: Allowance for Doubtful Debts</u>	1,900	36,100

- e) On 1st February 2017, D. Magro paid his balance of €800 in cash, which balance was declared as Irrecoverable during 2016. What are the two double – entries that need to be recorded in the accounts? (2 marks)

DR – **D. Magro Account** with **€800.**

CR – **Irrecoverable Debts Recovered Account** with **€800.**

DR – **Cash Account** with **€800.**

CR – **D. Magro Account** with **€800.**

Section F:

The following are the extracts from the Cash Book and the Bank Statement of A. Vella's Bakery Shop

You are required to:

- Write the Cash Book up to date and state the new balance as at 31st December 2015. (5 marks)
- Draw up a Bank Reconciliation Statement as at 31st December 2015. (5 marks)



		Cash Book			
2015		€	2015		€
Dec 01	Balance b/d	3,419	Dec 08	C. Camilleri	462
Dec 07	C. Gauci	101	Dec 15	V. Galea	21
Dec 22	F. Borg	44	Dec 28	K. Scerri	209
Dec 31	S. Grima	319	Dec 31	Balance c/d	3437
Dec 31	D. Cauchi	246			
		4,129			4,129

Bank Statement for the month of December 2015

2015	Details	Debit	Credit	Balance
		€	€	€
Dec 01	Balance b/d			3,419
Dec 07	Cheque		101	3,520
Dec 11	C. Camilleri	462		3,058
Dec 20	V. Galea	21		3,037
Dec 22	Cheque		44	3,081
Dec 31	Credit Transfer: M. Aquilina		93	3,174
Dec 31	Bank Charges	47		3,127

(a)

		Cash Book			
2015		€	2015		€
Dec 31	Balance b/d	3,437	Dec 31	Bank Charges	47
Dec 31	M. Aquilina	93	Dec 31	Balance c/d	3,483
		3,530			3,530
2016			2016		
Jan 01	Balance b/d	3,483			

(b)

Bank Reconciliation Statement as at 31 st December 2015	
	€
Balance as per Cash Book	3,483
<i>add:</i> Unpresented Cheques	209
	3,692
<i>less:</i> Bank Lodgements not yet credited (€319 + €246)	565
	3,127

For examiner's use only:

SECTION	A	B	C	D	E	F	TOTAL
RESULT							
OUT OF	20	10	20	20	20	10	100