



L-Università
ta' Malta

MATSEC
Examinations Board



Specimen Papers
SEC 01 Accounting

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MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARDL-Università
ta' Malta

SECONDARY EDUCATION CERTIFICATE LEVEL

SAMPLE PAPER

SUBJECT: **Accounting**PAPER NUMBER: **Level 1 - 2**

DATE:

TIME: 2 Hours

Answer ALL questions.

Answer **ALL** the questions in the accounts, formats and spaces provided. There may be more space than you need. Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Use this as a guide as to how much time to spend on each question.

SECTION A**This section carries 35 marks.****Question 1**

a. A cash sale to Xandru has the following double entry:

- Dr Sales account; Cr Cash account.
- Dr Xandru account; Cr Sales account.
- Dr Cash account; Cr Sales account.
- Dr Cash account; Cr Xandru account.

(1)

b. A credit note is issued for:

- a purchase of goods.
- a sales return.
- a sale of goods.
- a payment of an electricity bill.

(1)

c. A credit entry in the bank statement represents:

- a standing order.
- a direct debit.
- bank charges.
- a bank deposit.

(1)

d. Which one of the following statements relating to spreadsheets is true?

- They are an efficient method of storing text-based files.
- They do not allow data to be displayed graphically.
- They can be used to maintain accounting records.
- Font, size, and colour of text cannot be changed.

(1)

e. Which of the following is classified as a variable cost?

- royalties.
- rent of showroom.
- factory rent.
- insurance of delivery vehicles.

(1)

(Total: 5 marks)

Question 2

a) Match the statement in column A with the term in column B. The first statement has already been matched.

	COLUMN A		COLUMN B
i	A statement prepared to reconcile the bank account balance with the bank statement balance.		Bank charges.
ii	An amount paid by the business for the services provided by the bank.	i	Bank reconciliation.
iii	A cheque that the bank will not pay.		Bank overdraft.
iv	A bank account that allows payments in excess of deposits.		Dishonoured cheque.

(3)

b) The following bank statement was received by P. Sant at the end of June 2022:

Bank Statement

		Dr	Cr	Balance
		€	€	€
June 1	Balance b/d			2,500 Cr
June 6	Cheque 1304	300		
June 14	Credit Transfer: T. Busuttil		275	
June 21	Standing Order: Loan Interest	160		
June 28	Bank Charges	20		

Calculate the balance after **each** transaction above stating whether it is a debit or a credit balance. (2)

c) The following is the cash book for the month of June 2022.

Cash Book

2022	Details	€	2022	Details	€
Jun 1	Balance b/d	2,500	Jun 2	T. Schembri – chq.1304	300
Jun 24	S. Bonnici	675	Jun 5	M. Borg – chq.1305	175
			Jun 12	L. Cauchi – chq.1306	85
			Jun 30	Balance c/d	2,615
		3,175			3,175

Prepare the updated cash book (bank account columns) as at 30 June 2022 based on the bank statement provided in question 2(b). (4)

2022	Details	€	2022	Details	€

(Total: 9 marks)

Question 3

Kurt received the following invoices from two of his suppliers during the first week of March 2022:

	Roland	Byron
	2 March	3 March
Goods: List Price	€2,000	€1,000
Trade Discount	20%	10%

A VAT rate of 10% is applied on all purchases.

Required:

- a) Prepare the purchases journal. (3)

Purchases Journal

2022	Net €	Vat €	Gross €

- b) Identify the importance of a spreadsheet in accounting. (2)

(Total: 5 marks)

Question 4

The following table includes information relating to the costs relating to the production of standard wooden chairs produced by a factory situated in Xewkija. The costs relate to direct materials, direct labour, total variable cost, fixed costs and total cost.

Quantity	Direct Materials	Direct Labour	Total Variable Cost	Fixed Cost	Total Cost
	€	€	€	€	€
0	0	0	0	10,000	10,000
1,000	20,000	10,000	30,000	10,000	40,000
2,000					
3,000					

Calculate the costs and complete the table above, relating to Direct Materials, Direct Labour, Total Variable Cost, Fixed Cost and Total Cost at the quantity levels of:

- a) 2,000 units, and (3)
 b) 3,000 units respectively. (3)

This space may be used for workings and/or rough work:

(Total: 6 marks)

Question 5

You are provided with the following information about the opening balances of accounts in the books of the business of Vanessa Vella as at 1 January 2022:

	€
Capital	100,000
Bank	90,000
Cash	10,000

The following transactions took place during the month of January:

2022

- Jan 5 Bought goods for resale on credit from Pam Farrugia €1,000.
- Jan 8 Sold goods on credit to Jim Desira €500.
- Jan 11 Cash Sales €650.
- Jan 15 Paid Water and Electricity by cheque €600.

Required:

- (a) Record the above transactions in Vanessa Vella's ledger accounts and balance off the accounts on 15 January 2022. (7)
- (b) Prepare a Trial Balance as at 15 January 2022. (3)

Capital Account

2022	Details	€	2022	Details	€

Bank Account

2022	Details	€	2022	Details	€

Cash Account

2022	Details	€	2022	Details	€

Purchases Account

2022	Details	€	2022	Details	€

Sales Account

2022	Details	€	2022	Details	€

Water and Electricity Account

2022	Details	€	2022	Details	€

Pam Farrugia (Trade Payable) Account

2022	Details	€	2022	Details	€

Jim Desira (Trade Receivable) Account

2022	Details	€	2022	Details	€

(Total: 10 marks)

SECTION B**This section carries 35 marks.****Question 6**

At 31 December 2021 Daniela's Trial Balance included the following balances:

	€	€
Motor vehicles at cost	80,000	
Fixtures & fittings at cost	35,000	
Accumulated depreciation – motor vehicles		15,200
Accumulated depreciation – fixtures & fittings		21,000
Purchases & sales	29,500	45,000
Inventory (1/1/2021)	5,700	
Carriage inwards	750	
Returns outwards		170
Trade receivables & trade payables	25,000	18,000
Wages & salaries	6,000	
Advertising	1,900	
Other expenses	2,500	

Daniela's inventory at 31 December 2021 was valued at €6,400.

Required:

- a) Complete the following statement to calculate Daniela's Gross Profit for the year ended 31 December 2021. (6)

Statement of profit or loss for the year ended 31 December 2021

	€	€
Sales		
<u>Cost of Sales</u>		
Opening Inventory		
Purchases		
Carriage Inwards		
Returns Outwards		
Closing Inventory		
Gross Profit		

This space may be used for workings and/or rough work:

- b) At the end of the financial year the following additional information has been provided by Daniela:
- i) Wages and salaries still outstanding at 31 December 2021 amount to €1,200.
 - ii) A general allowance of 2% of trade receivables at year end is to be created.
 - iii) The business provides a full year depreciation on the assets held at the end of the year as follows:

Motor Vehicles	10% reducing balance method
Fixtures and fittings	20% straight line method

Complete the Statement of Profit or Loss and the Statement of Financial Position extracts below showing the amounts to be included in the financial statements at year end, using the information provided from the list of balances in the Trial Balance and the additional end of year adjustments:

Statement of profit or loss for the year ended 31 December 2021 (extract)

	€	€
<u>Expenses</u>		
Wages and salaries		
Adverting		
Other expenses		
Allowance for trade receivables		
Depreciation: motor vehicles		
Depreciation: fixtures and fittings		

Statement of financial position as at 31 December 2021 (extract)

	€	€	€
<u>Non-Current Assets</u>	Cost	Accumulated Depreciation	NBV
Motor Vehicles			
Fixtures & fittings			
<u>Current Assets</u>			
Inventory			
Trade Receivables			
Allowance for Trade receivables			
<u>Current Liabilities</u>			
Trade payables			
Accrued expenses			

(9)

(Total: 20 marks)

Question 7

- a) Match the statement in column A with the term in column B. The first statement has already been matched.

(5)

	COLUMN A		COLUMN B
i	A payment in advance for insurance.		Accrued expense
ii	An unpaid water & electricity bill at the end of the year.	i	Prepaid expense
iii	Profits and assets are not to be overestimated and liabilities should not be underestimated.		Accruals concept
iv	Expenses incurred in the day-to-day running of the business.		Revenue expenditure
v	The main accounting concept in accounting for depreciation.		Prudence concept
vi	The purchase of a machine.		Capital expenditure

b) Matthew has the following information for the financial year ended 31 December 2021 relating to his business:

- Telephone expenses
Telephone expenses of €600 each month are incurred by the business. During the year €5,400 were paid by cheque. At 31 December 2021 bills for the period 1 October 2021 to 31 December 2021 were still outstanding.
- Rent payable
Matthew rented an office for his business on 1 July 2021 for €6,000 annually. On that date he paid the rent for 12 months for the period 1 July 2021 to 30 June 2022 by cheque.
- Allowance for Trade receivables
The business maintains a general allowance for trade receivables of 5%. Trade receivables at 31 December 2021 amount to €25,000. On 1 January 2021 the balance of the allowance for trade receivables was €1,000.

Required:

i) The telephone expenses account. (2)

Telephone Expenses account

2021	Details	€	2021	Details	€
31 Dec	Bank		31 Dec	Profit & Loss	
31 Dec	Bal c/d				
2022			2022		
			1 Jan	Bal b/d	

ii) The rent payable account. (2)

Rent payable account

2021	Details	€	2021	Details	€
31 Dec	Bank		31 Dec	Profit & Loss	
			31 Dec	Bal c/d	
2022			2022		
1 Jan	Bal b/d				

iii) The allowance for trade receivables account. (3)

Allowance for trade receivables account

2021	Details	€	2021	Details	€
31 Dec	Bal c/d		1 Jan	Bal b/d	
			31 Dec	Profit & Loss	
2022			2022		
			1 Jan	Bal b/d	

iv) In the space provided below, state what **each** of the following entries in the commission receivable account marked (i), (ii) and (iii) convey. (3)

Commission receivable account

2021	Details	€	2021	Details	€
31 Dec	Profit & Loss (i)	2,250	31 Dec	Bank (ii)	2,000
			31 Dec	Bal c/d (iii)	250
		2,250			2,250
2022			2022		
1 Jan	Bal b/d	250			

(Total: 15 marks)

SECTION C

This section carries 30 marks.

Question 8

a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. (2)

incomplete records	statement of affairs
depreciation	double-entry

With _____ bookkeeping a business transaction is recorded in two accounts. Every debit entry has a corresponding credit entry. When a business is using single-entry to record its transactions it will have _____. The _____ is a summary of the assets and liabilities of a business. The difference between the opening and closing book value balances of a non-current asset is the _____ for the year.

- b) Maria has been in business for a number of years, but she did not keep proper books of account. She has asked you to help her.

1 January 2021	
€	
Non-current assets (book value)	58,000
Bank	2,600
Inventory at cost	15,000
Trade receivables	18,000
Trade payables	12,500
Loan	10,000

A summary of Maria’s bank statements for the year to 31 December 2021 includes:

	€		€
Receipts from trade receivables	207,300	Payments to trade payables	152,000

Required:

- i. Calculate Maria’s capital on 1 January 2021. (4)

- ii. In the space provided below, state what **each** of the following entries in the trade receivables control account marked (i), (ii), (iii) and (iv) convey. (4)

Trade receivable control account

2021	Details	€	2021	Details	€
1 Jan	Bal b/d (i)	18,000	31 Dec	Bank (ii)	210,000
31 Dec	Sales (iii)	200,000	31 Dec	Bal c/d (iv)	8,000
		218,000			218,000
2022			2021		
1 Jan	Bal b/d	8,000			

(Total: 10 marks)

Question 9

Leo is a sole trader who operates in the catering industry. He asks for your assistance to help him identify and correct accounting errors. Upon investigating the following errors were discovered:

- i. Proceeds of €10,000 from a loan were deposited in the bank but no entries were made in the books.
- ii. A cash payment of €150 for stationery was recorded in the books as €15.
- iii. Motor vehicle expenses of €5,000 were incorrectly recorded in the motor vehicles account.
- iv. A cash sale of €500 was debited in the sales account and credited in the cash account.

b) List the name of **each** of the above (i) to (iv) errors. (2)

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(Total: 10 marks)

Question 10

a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once.

(4)

allocated	floor area	gross profit margin	apportioned
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Katrina runs a small business operating a cafeteria and selling grocery goods from the same premises. The _____ measures the profit generated by the sales of each department. The salary paid to the cafeteria manager is directly _____ to the cafeteria whereas rent is _____ between the cafeteria and the grocery department using the basis of _____.

b) List **TWO** users of financial statements. (2)

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c) List and explain **ONE** main characteristic of accounting information. (2)

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d) Identify **TWO** different categories of employment in the financial and accounting sectors and distinguish between the services offered by each sector. (2)

(Total: 10 marks)

Specimen Assessments: Controlled Paper LEVEL 2-3

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARDL-Università
ta' Malta

SECONDARY EDUCATION CERTIFICATE LEVEL

SAMPLE PAPER

SUBJECT: **Accounting**PAPER NUMBER: **Level 2 - 3**

DATE:

TIME: 2 Hours

Answer ALL questions.

Answer **ALL** the questions in the accounts, formats and spaces provided. There may be more space than you need. Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Use this as a guide as to how much time to spend on each question.

SECTION A**This section carries 35 marks.****Question 1**

- a. A withdrawal of cash from the bank for the proprietor's personal use has the following effect:
- Decrease in assets and increase in capital.
 - Decrease in assets and decrease in capital
 - Decrease in assets and increase in liabilities.
 - None of the above.
- (1)
- b. The sales returns account is found in the:
- General ledger.
 - Sales ledger.
 - Sales returns journal.
 - Sales journal.
- (1)
- c. A debit balance in the bank statement represents:
- An unpresented cheque.
 - A direct debit.
 - An overdraft.
 - A bank deposit.
- (1)

d. Which of the following is not classified as a variable cost?

- Purchase of raw material.
- Power to run the machines.
- Factory rent.
- Sales commission.

(1)

(Total: 4 marks)

Question 2

On 31 March 2022 the bank account in the cash book of Green Box showed a credit balance of €4,320. A bank statement was received on the same date but showed a different balance from that in the cash book.

Upon investigation it was noted that:

- Cheques amounting to €1,280 paid to suppliers were not presented to the bank for payment.
- A credit transfer of €6,640 from a customer had not been entered in the cash book.
- Cheques received from customers amounting to €860 and deposited into the bank have not yet been included in the bank statement.

Required:

a) An updated cash book (bank account columns) as at 31 March 2022. (2)

2022	Details	€	2022	Details	€

b) A bank reconciliation statement at 31 March 2022. (4)

	€	€

Question 3

Kurt received the following invoices from two of his suppliers during the first week of March 2022:

	Roland	Byron
	2 March	3 March
Goods: List Price	€2,000	€1,000
Trade Discount	20%	10%

A VAT rate of 10% is applied on all purchases.

Required:

- a. Prepare the purchases journal. (2)

	A	B	C	D	E
1	Purchases Journal				
2	2022		Net	VAT	Gross
3				10%	
4			€	€	€
5					
6					
7					
8					
9					
10					
11					
12					

- b. Write down the formula that should be included in Cell D5 to calculate the VAT so that the correct cell referencing is kept when copying it to other cells in Column D. (1)

Question 4

	A	B	C	D	E	F
1	Bank account					
2	2021	Details	Debit	Credit	Balance	
3			€	€	€	
4	Dec-01	Capital a/c	25,000		25,000	
5	Dec-03	Cash a/c		150		
6	Dec-08	Purchases a/c		760		
7	Dec-12	Rent a/c		500		
8	Dec-18	Drawings a/c		300		
9	Dec-23	Furniture a/c		2,400		
10	Dec-27	Wages a/c		800		
11	Dec-28	Commission a/c	480			
12	Dec-29	Furniture a/c	300			
13						

- a. A business uses a spreadsheet package to record its financial transactions using the running balance. An extract of the bank account entries for December 2021 is shown above. Write down the formula that should be used in cell E5 to correctly calculate the balance.

(1)

- b. Calculate and write down in cell E12 the closing balance of the bank account at 31 December 2021.

(1)

- c. An extract of a sales invoice is shown below. Complete the invoice with the missing figures in the total column. (2)

	A	B	C	D
1	Quantity	Description	Unit price	Total
2			€	€
3	5	Photocopy paper	8.20	
4	10	Files	2.00	
5	8	Folders	3.50	
6				
7				
8				
9			Sub total	
10			Trade Discount 10%	
11			VAT 15%	
12			TOTAL DUE	
13				

- d. Write down the formula that should be used in cell D12 to correctly calculate the total amount due. (2)

(Total: 6 marks)

Question 5

Fun & Play Ltd will be introducing a new game, Sibt Tezor, on the market before the Christmas season. The company believes that the board game will be successful, but it is aware that the demand will vary depending on the selling price. The costs to produce this game and the proposed selling price are the following:

	€
Direct material cost per unit	8
Direct labour cost per unit	7
Variable overhead cost per unit	3
Fixed costs for the period	33,150
Selling price	35

The marketing team has established that at this selling price, 3,600 games will be sold.

SECTION B**This section carries 35 marks.****Question 6**

The following trial balance was extracted from the ledger accounts of Tom's business on 31 December 2021 after the calculation of gross profit:

	€	€
Property (cost and accumulated depreciation 1/01/2021)	392,000	26,200
Machinery (cost and accumulated depreciation 1/01/2021)	80,000	32,000
Inventory (31/12/2021)	31,000	
Gross profit		265,000
Wages & salaries	64,200	
Maintenance	14,700	
Office expenses	4,200	
Water & electricity	3,500	
Insurance	4,800	
Discounts	1,800	2,500
Printing & stationery	2,100	
Communication expenses	15,600	
Rent	6,000	
Trade receivables and payables	28,000	19,000
Allowance for receivables (1/01/2021)		1,100
Cash & bank	500	2,300
Commission received		1,900
5% Loan		50,000
Loan interest	2,500	
Capital		280,000
Drawings	29,100	
	680,000	680,000

At the end of the financial year the following information has been provided:

- i) The business rents a warehouse for €600 monthly.
- ii) The insurance payments include an annual payment of €1,600 for the year ending 30 June 2022.
- iii) A general allowance of 5% of trade receivables at year end is to be maintained.
- iv) The business provides a full year depreciation on the assets held at the end of the year as follows:

Property	2% straight line method
Machinery	20% straight line method

This space may be used for workings and/or rough work:

Question 7

The following information for the financial year ended 31 December 2021 relates to the business of Sarah:

- Rent Receivable

The business receives €2,500 rent monthly. On 1 January 2021 one month rent was in arrears and on 31 December 2021 two months' rent were still to be collected.

- Allowance for Depreciation – equipment

The following information relates to the equipment owned by the business:

	Cost	Depreciation
1 January 2021	€75,000	€38,500

On 1 April 2021, equipment purchased on 1 April 2019 for €20,000 was sold for €7,000.

On the same date new equipment was bought for €12,000.

It is the policy of the business to depreciate equipment at 20% on cost annually, charging depreciation for each month of ownership.

Required:

In the space provided overleaf, for the year ended 31 December 2021, prepare the:

- Rent receivable account. (5)
- Allowance for depreciation account. (5)
- Asset disposal account. (5)

This space may be used for workings and/or rough work:

Question 10

The following are a few of the accounting ratios of two businesses operating in the same industry sector:

	Impress Ltd	Excel Ltd
Return on capital employed	25%	20%
Gross profit margin	17%	25%
Net profit margin	10%	15%

a. Which business has the better profitability? (1)

.....

.....

b. Which business has lower expenses in relation to its sales? (1)

.....

.....

c. State **TWO** possible reasons for the lower gross profit margin of Impress Ltd. (2)

.....

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.....

This space may be used for workings and/or rough work:

Specimen Assessments: Controlled Paper (Private Candidates) LEVEL 1-2-3

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
EXAMINATIONS BOARD



L-Università
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SECONDARY EDUCATION CERTIFICATE LEVEL
SAMPLE PAPER – PRIVATE CANDIDATES ONLY

SUBJECT: **Accounting**

PAPER NUMBER: **Level 1-2-3**

DATE:

TIME: 2 Hours

Answer ALL questions.

Answer **ALL** the questions in the accounts, formats and spaces provided.

Calculators may be used. The total mark for this paper is 100. The marks for each question are shown in brackets. Use this as a guide as to how much time to spend on each question.

SECTION A

This section carries 55 marks.

Question 1

Ninu produces a single model of standard water heaters. The following figures were obtained from the books for the year ended on 31 December 2022.

	€		€
Inventories 1 January 2022:		Insurance	18,000
raw materials	25,000	Rent	45,000
work in progress	16,250	Administrative salaries	51,500
Power	28,500	Water & electricity	14,000
Transport of raw materials	18,250	Machinery	350,000
Royalties	24,000	Office equipment	50,000
Factory cleaning	12,000	Advertising	11,200
Purchases of raw materials	305,000	Inventories 31 December 2022:	
Machine maintenance	27,500	raw materials	32,000
Production wages	301,500	work in progress	26,000
Indirect materials	16,000	finished goods	?
Carriage on sales	4,000	Sales	?

- e) Ninu's son, Noel has recently started producing school furniture. The following table shows the variable costs, fixed costs and total costs for the production of 200 standard school chairs produced by the factory. Knowing that you are studying accounting he asked you to complete the following table, calculating the costs for the given levels of output. (6)

Activity level	0 units	200 units	500 units	1,500 units
	€	€	€	€
Variable cost	0	2,000		
Fixed cost	2,000	2,000		
Total cost	2,000	4,000		

(Total: 30 marks)

Question 2

Fashion Ltd is a retail business that has two main departments at its retail outlet in Mosta – Men Clothing and Women Clothing. The following is an extract from the trial balance as at 31 December 2022:

	€
Sales	
Men Clothing	675,000
Women Clothing	450,000
Inventory at 1 January 2022	
Men Clothing	112,500
Women Clothing	75,000
Non-current assets (Net Book Value)	300,000
Purchases	
Men Clothing	300,000
Women Clothing	187,500
Accrued water and electricity 1 January 2022	3,750
Water and electricity payments during the year	40,500
Salaries	87,750
Rent	69,750
Communication expenses	3,900
Administrative expenses	67,500
Prepaid insurance 1 January 2022	12,000
Insurance payments for the year 31 December 2022	54,000
Discounts allowed	5,000
Transport expenses	22,500
Advertising	48,750
Trade receivables	49,000
Trade payables	61,500
Bank overdraft	6,250

Additional information:

i) Inventory as at 31 January 2022:

	€
Men Clothing	67,000
Women Clothing	42,000

ii) The rent of the business is €72,000 every year.

iii) Prepaid insurance at 31 December 2022, €6,000.

iv) Accrued expenses at 31 December 2022 were:

Water & electricity	€3,000
Communication expenses	€600

v) Depreciation on non-current assets is to be calculated at the rate of 20% per annum on the net book value of the assets at year-end.

vi) Expenses are apportioned between the two departments as follows:

- Salaries, administrative expenses, communication expenses, discounts and transport expenses in proportion to turnover;
- Water and electricity, insurance and rent in proportion to floor area;
- Floor area of the respective departments is:
 - Men Clothing 75%
 - Women Clothing 25%
- All other expenses are to be apportioned equally between the two departments.

This space may be used for workings and/or rough work:

SECTION B

This section carries 45 marks.

Question 3

a) What is a trial balance? Explain its purpose. (2)

b) Angela is the proprietor of a retail outlet. She withdraws €2,000 cash every month for personal use. Show the double entry for the monthly transaction. (2)

Debit (Dr)

Credit (Cr)

c) Distinguish between assets and liabilities. (2)

d) Define the cost concept and explain its importance. (3)

Question 4

a) Distinguish between a statement of account, cash sale receipt and a remittance advice. (3)

b) Explain the difference between a cash transaction and a credit transaction. (2)

c) On 5 December 2022, A. Presto sold goods, list price €1,000, to B. Arrivederci. The customer is entitled to a trade discount of 20%.

Assuming a VAT rate of 10%:

i) Calculate the trade discount. (1)

ii) Calculate the amount receivable by A. Presto according to the invoice issued to the customer. (1)

This space may be used for workings and/or rough work:

iii) Show how the entry for this transaction would appear in A. Presto's Sales Day Book. (1)

Sales day book				
2022		Net	Vat	Gross
		€	€	€

iv) Prepare A. Presto's account in the sales ledger. (1)

2022	Details	€	2022	Details	€

v) Prepare the VAT account. (1)

2022	Details	€	2022	Details	€

vi) Prepare the Sales account. (0.5)

2022	Details	€	2022	Details	€

vii) Define VAT. (0.5)

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d) Differentiate between the accounting treatment of trade and cash discounts. (4)

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(Total: 15 marks)

ii. the purpose of a bank statement. (1)

iii. a bank overdraft. (1)

iv. gross wage. (0.5)

v. net wage. (0.5)

vi. income tax. (0.5)

c) On 31 December 2022 the bank account in Carl's cash book showed a debit balance of €2,150. On the same date, the business received the bank statement, but it had a different balance from that in the cash book.

Upon examining the bank statement, it was realised that:

- Cheques received €1,800 and deposited into the bank had not been included in the bank statement.
- Cheques paid to suppliers €1,300 were not yet presented to the bank.

Required:

A bank reconciliation statement at 31 December 2022.

(6)

	€	€

(Total: 15 marks)