

M S Irrecoverable Debts

1	Answer	Mark												
<p>Award marks as indicated for correct account and amount in combination.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 45%;">Account</th> <th style="width: 15%;">Debit \$</th> <th style="width: 25%;">Credit \$</th> </tr> </thead> <tbody> <tr> <td>30/09/20</td> <td>Irrecoverable debts</td> <td style="text-align: center;">730 (1)</td> <td></td> </tr> <tr> <td></td> <td>Trade receivables ledger control</td> <td></td> <td style="text-align: center;">730 (1)</td> </tr> </tbody> </table>		Date	Account	Debit \$	Credit \$	30/09/20	Irrecoverable debts	730 (1)			Trade receivables ledger control		730 (1)	(2)
Date	Account	Debit \$	Credit \$											
30/09/20	Irrecoverable debts	730 (1)												
	Trade receivables ledger control		730 (1)											

Answer	Mark
<p>Award marks as indicated.</p> <p>\$311 (2) W</p> <p>W</p> <p>\$1 946 (1) - \$1 635 = \$311 (1of)</p>	(2)

Answer	Mark
<p>Award mark as indicated.</p> <p>Current assets (1)</p>	(1)

2(a)	Answer	Mark												
<p>Award marks as indicated.</p> <p>\$938 (2) W</p> <p>W</p> <table style="width: 100%;"> <tr> <td style="width: 30%;"></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">23 620</td> <td></td> </tr> <tr> <td>Irrecoverable debt</td> <td style="text-align: right;"><u>(170)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">23 450 (1) x 4% = \$938 (1of)</td> <td></td> </tr> </table>			\$		Trade receivables	23 620		Irrecoverable debt	<u>(170)</u>			23 450 (1) x 4% = \$938 (1of)		(2)
	\$													
Trade receivables	23 620													
Irrecoverable debt	<u>(170)</u>													
	23 450 (1) x 4% = \$938 (1of)													

2(b)	Answer	Mark																														
Award marks for each correct date, detail and amount in combination on the correct side. <p style="text-align: center;">Irrecoverable Debts Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019 Oct 31</td> <td>Income statement</td> <td style="text-align: right;">27 (1of)</td> <td>2018 Nov 1</td> <td>Balance b/d</td> <td style="text-align: right;">965 (1)</td> </tr> <tr> <td>31</td> <td>Balance c/d</td> <td style="text-align: right;">938</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">965</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">965</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 Nov 1</td> <td>Balance b/d</td> <td style="text-align: right;">938 (1of)</td> </tr> </tbody> </table>		Date	Details	\$	Date	Details	\$	2019 Oct 31	Income statement	27 (1of)	2018 Nov 1	Balance b/d	965 (1)	31	Balance c/d	938						965			965				2019 Nov 1	Balance b/d	938 (1of)	(3)
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		965			965																											
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3(a)	Answer	Mark																
Award 1 mark for each correct entry. Award 1 mark for correct narrative. <p style="text-align: center;">Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 40%;">Details</th> <th style="width: 15%;">Debit \$</th> <th style="width: 30%;">Credit \$</th> </tr> </thead> <tbody> <tr> <td>30 April 2020</td> <td>Irrecoverable debts</td> <td style="text-align: right;">1 600 (1)</td> <td></td> </tr> <tr> <td></td> <td>Trade receivables ledger control account</td> <td></td> <td style="text-align: right;">1 600 (1)</td> </tr> <tr> <td></td> <td colspan="3">Being the write-off of an irrecoverable debt (1)</td> </tr> </tbody> </table>		Date	Details	Debit \$	Credit \$	30 April 2020	Irrecoverable debts	1 600 (1)			Trade receivables ledger control account		1 600 (1)		Being the write-off of an irrecoverable debt (1)			(3)
Date	Details	Debit \$	Credit \$															
30 April 2020	Irrecoverable debts	1 600 (1)																
	Trade receivables ledger control account		1 600 (1)															
	Being the write-off of an irrecoverable debt (1)																	

(b)	Answer	Mark
Award marks as indicated \$56 600 (1) x 5% = \$2 830 (1of)		(2)

4(a)	Answer	Mark
	Award 1 mark as indicated. \$1 500 (1)	(1)

(b)	Answer AO2(4)	Mark																														
	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Provision for Irrecoverable Debts Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>31 March 2019</td> <td>Balance c/d</td> <td>1 500</td> <td>1 April 2018</td> <td>Balance b/d</td> <td>1 250 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>31 March 2019</td> <td>Income statement</td> <td>250 (1of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>1 500</u></td> <td></td> <td></td> <td style="text-align: center;"><u>1 500</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2019</td> <td>Balance b/d</td> <td>1 500 (2/1of)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)				31 March 2019	Income statement	250 (1of)			<u>1 500</u>			<u>1 500</u>				1 April 2019	Balance b/d	1 500 (2/1of)	(4)
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31 March 2019	Balance c/d	1 500	1 April 2018	Balance b/d	1 250 (1)																											
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5(a)	Answer	Mark																												
	<p>Award up to 2 marks for a clear explanation of the difference between the two terms</p> <p>Eg A bad debt is written off when there is a reasonable certainty that a specific debtor is not going to pay (1) whereas a provision for doubtful debts is made when there is some doubt that the total value of debtors will be collected. (1)</p>	(2)																												
(b)	Answer	Mark																												
	<p>Award marks for correct labels, amounts and narratives as shown</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Account</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Nov 30</td> <td>Bad debts</td> <td>300 (1)</td> <td></td> </tr> <tr> <td></td> <td>Sales ledger control account</td> <td></td> <td>300 (1)</td> </tr> <tr> <td></td> <td>Being the writing off of a bad debt. (1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Profit and loss</td> <td>134 (1)</td> <td></td> </tr> <tr> <td></td> <td>Provision for doubtful debts</td> <td></td> <td>134 (1)</td> </tr> <tr> <td></td> <td>Being the creation of a provision for doubtful debts (1)</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Account	Debit	Credit	Nov 30	Bad debts	300 (1)			Sales ledger control account		300 (1)		Being the writing off of a bad debt. (1)				Profit and loss	134 (1)			Provision for doubtful debts		134 (1)		Being the creation of a provision for doubtful debts (1)			(6)
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(c)	Answer																													
	<p>Award 1 mark for each correct response max 2</p> <p>Eg Offer cash discount (1) Improve credit control (1) Charge interest on overdue payments (1) Send invoices and/or statements of account regularly (1)</p>	(2)																												

6(a)	Answer	Mark																		
	<p>Award up to 4 marks for a clear explanation of the difference between the two - maximum of 2 marks for each.</p> <p>When a bad debt is written off there is reasonable certainty that a specific debtor is not going to pay (1). The profit and loss account is charged with the bad debt and the amount is taken off the sales ledger control account (1).</p> <p>A provision for doubtful debts is made when there is some doubt that the total value of debtors will be collected. (1) The change in the provision is charged to the profit and loss account through the adjustment account. The total provision is deducted from the debtors in the balance sheet. (1)</p>	(4)																		
(b)	Answer	Mark																		
	<p>Prudence (1)</p> <p>Accept Prudence concept or the concept of prudence Do not accept misspellings</p>	(1)																		
(c)	Answer																			
	<p>Award marks for correct figure and label. No date required</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Account</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>July 1</td> <td>Bad debts</td> <td>580 (1)</td> <td></td> </tr> <tr> <td></td> <td> Mayo</td> <td></td> <td>580 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Account	Debit	Credit	July 1	Bad debts	580 (1)			Mayo		580 (1)					(2)		
Date	Account	Debit	Credit																	
July 1	Bad debts	580 (1)																		
	Mayo		580 (1)																	
(d)	Answer	Mark																		
	<p>Award marks for correct dates, narrative and amounts</p> <p style="text-align: center;">Bad Debts Recovered Account</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>£</th> <th>Date</th> <th>Narrative</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Dec 31</td> <td>Profit and loss (1)</td> <td><u>275</u>(1)</td> <td>Aug 31</td> <td>Bank</td> <td><u>275</u>(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Narrative	£	Date	Narrative	£	Dec 31	Profit and loss (1)	<u>275</u> (1)	Aug 31	Bank	<u>275</u> (1)							(3)
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