

## Marking Schemes

This document was prepared for markers' reference. It should not be regarded as a set of model answers. Candidates and teachers who were not involved in the marking process are advised to interpret its content with care.

### General Notes on Marking

- Teachers are strongly advised to conduct their own internal standardisation procedures using the marking scheme before the actual marking begins. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
- The marking scheme may not exhaust all possible answers for each question. Teachers should exercise their professional discretion and judgment in accepting alternative answers that are not in the marking scheme, but are correct and well-reasoned.
- In questions asking for a specified number of reasons or examples etc., and a student gives more than the required number, the extra answers should not be marked. For instance, in a question asking students to provide two examples, and a student gives three answers, only the first two should be marked.
- The general guidelines for points which are awarded 0 mark to 3 marks each are as follows:
  - 0 mark : irrelevant or ambiguous answers
  - 1 mark : relevant phrases containing key words that answer the question
  - 2 / 3 marks : a relevant point or answer with a brief explanation of the concept/key words and/or illustration of how it is related to the given scenario

## PAPER 1

### SECTION A

Question No.	Key	Question No.	Key
1.	C (42%)	16.	B (61%)
2.	A (38%)	17.	A (56%)
3.	C (62%)	18.	D (61%)
4.	D (71%)	19.	D (73%)
5.	B (47%)	20.	B (68%)
6.	C (54%)	21.	B (74%)
7.	C (35%)	22.	C (70%)
8.	B (79%)	23.	A (60%)
9.	A (51%)	24.	C (64%)
10.	B (90%)	25.	D (80%)
11.	A (82%)	26.	D (57%)
12.	D (75%)	27.	A (57%)
13.	B (55%)	28.	B (65%)
14.	C (77%)	29.	A (69%)
15.	D (40%)	30.	C (82%)

Note: Figures in brackets indicate the percentages of candidates choosing the correct answers.

**SECTION B PART 1**

<b>QUESTION 1</b>	<b>Marks</b>
(a) Joint venture: – two or more businesses form a new business entity to carry out joint project(s)	1
(b) Advantages: – more capital/resources can be contributed by joint venture partners – business risks can be shared among joint venture partners – easier entry into new market: joint venture partners know local market well/have local connections – can bring in expertise/goodwill of different joint venture partners – can enjoy economies of scale (2 marks for each relevant advantage, maximum 4 marks)	Max 4
	<u>5 marks</u>

<b>QUESTION 2</b>	<b>Marks</b>
(a) Financial needs: – paying daily expenses to maintain her living – meeting contingencies, e.g. urgent medical expenses – estate planning, e.g. funeral expenses (2 marks for each relevant need, maximum 4 marks)	4
(b) Responsibilities: – understanding the terms of the investment contract before signing it – checking account statements and transaction documents – understanding the characteristics and the risks of the investment instruments involved (1 mark for each relevant responsibility, maximum 2 marks)	2
	<u>6 marks</u>

<b>QUESTION 3</b>	<b>Marks</b>
(a) (i) Company A: departmentalisation by function	1
(ii) Company B: departmentalisation by product	1
(b) General Manager of Company A	1
(c) Risk Management Department	1
Main role: – identifying the possible risks the business is exposed to – formulating risk management strategies to manage the risks (2 marks for each relevant role, maximum 2 marks)	2
(d) – 2016	1
– accrual concept	1
– revenues and expenses are recognised when they are earned or incurred and are included in the financial statements of that year	1
	<u>9 marks</u>

**PART 2**

**QUESTION 4**

**Marks**

(a)

John			
Trial balance as at 31 December 2016			
	Dr	Cr	
	\$	\$	
Capital, 1 January 2016		240 000	0.5
Bank overdraft		173 400	0.5
Furniture	204 000		0.5
Sales		796 200	0.5
Purchases	500 400		0.5
Returns inwards	1 800		0.5
Returns outwards		1 500	0.5
Discounts received		2 100	0.5
Operating expenses	507 000		0.5
	1 213 200	1 213 200	(5)

- (b) Business ethics: 1
- the moral principles, values and beliefs which govern the behaviours of a business
- (c) (i) employees of the firm: 2
- providing fair and reasonable remuneration
  - providing a safe and pleasant working environment
- (2 marks for each explanation, max. 2 marks)
- (ii) residents living around the firm 2
- disposing of litter and waste appropriately
  - sponsoring community activities
- (2 marks for each explanation, max. 2 marks)

10 marks

**QUESTION 5****Marks**

(a)

John		
Income statement for the year ended 31 December 2016		0.5
	\$	\$
Sales		796 200
Less: Returns inwards		1 800
		794 400
<u>Less: Cost of goods sold</u>		
Purchases	500 400	0.5
Less: Returns outwards	1 500	0.5
	498 900	
Less: Closing inventory	195 000	0.5
	303 900	
Gross profit		490 500
Add: Discounts received		2 100
		492 600
Less: Operating expenses		507 000
Net loss		(14 400)

(b) Management function:

- planning

1

(c) Reasons:

- to help capture opportunities and deal with challenges
- to provide direction to his staff
- to provide standards for monitoring work progress

4

(2 marks for each relevant reason, maximum 4 marks)

10 marks**END OF PAPER 1**