



**Answer ALL questions. Write your answers in the spaces provided.**

**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 ☒.**

**1** (a) Explain the entry in the insurance account, in part (b) below, on 1 July 2017.

(2)

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On 1 September 2017 Rachmat paid \$1 380 by cheque for insurance for 12 months to 31 August 2018.

(b) Prepare the insurance account for the year ended 30 June 2018.  
Balance the account on this date and bring the balance down on 1 July 2018.

(5)

**Insurance Account**

Date	Details	\$	Date	Details	\$
			1 July 2017	Balance b/d	205

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(c) State the section of the statement of financial position where the balance of the insurance account would be shown on:

(i) 1 July 2017

(1)

(ii) 1 July 2018.

(1)

On 30 June 2018 Rachmat received a cheque for \$280 from a trade receivable whose debt had been written off as irrecoverable in 2017.

(d) Prepare journal entries to record the transaction showing the year end transfer to the financial statements.

Narratives **are** required.

(6)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
30 June 2018			
30 June 2018			



(e) State **two** uses of the journal **other than** the transfer of period end balances to the financial statements.

(2)

1 .....

2 .....

A cash sale had been debited to the sales account and credited to the cash account.

(f) Identify the type of error made.

(1)

- A** Commission
- B** Complete reversal
- C** Omission
- D** Principle

(Total for Question 1 = 18 marks)

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You will need to use the data on **page 3** of the Resource Booklet to answer parts (c), (d) and (e)

2 (a) Identify the book of original entry where cash sales are recorded. (1)

- A Cash book
- B Petty cash book
- C Purchases day book
- D Sales day book

(b) Identify the type of error made if a cash sale of \$14 was recorded as \$41. (1)

- A Commission
- B Compensating
- C Omission
- D Original entry

(c) Prepare a corrected trade payables ledger control account for the year ended 31 July 2018. Balance the account on that date and bring the balance down on 1 August 2018. (5)

**Trade Payables Ledger Control Account**

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(d) Calculate for the year ended 31 July 2018:

(i) credit sales

(3)

(ii) cash sales

(4)

(iii) gross profit.

(2)

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You will need to use the data on **page 4** of the Resource Booklet to answer parts (a), (b) and (c).

- 3** (a) Prepare the following accounts for the year ended 31 October 2018. Balance the accounts on that date and bring the balances down on 1 November 2018.

(i) (5)

**Equipment - Cost Account**

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(ii) (5)

**Equipment - Accumulated Depreciation Account**

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- (b) Calculate for the year ended 31 October 2018 the total amount received from members for subscriptions. (3)

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(c) Prepare the receipts and payments account for the year ended 31 October 2018.  
Balance the account on that date and bring the balance down on  
1 November 2018.

(8)

**Receipts and Payments Account**

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**(Total for Question 3 = 21 marks)**

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You will need to use the data on **page 5** of the Resource Booklet to answer parts (c) and (d).

4 (a) Which calculation can be made in a manufacturing account? (1)

- A Cost of sales
- B Cost of production
- C Gross profit
- D Profit for the year

(b) Identify the prime cost. (1)

- A Direct materials + Direct labour + Direct expenses
- B Direct materials + Direct labour + Factory overheads
- C Total direct costs + Factory overheads
- D Total direct costs + Total indirect costs

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(c) Prepare the statement of profit or loss for the year ended 30 September 2018.

(12)

**Ettie**  
**Statement of profit or loss for the year ended 30 September 2018**

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(d) Complete the table below for the year ended 30 September 2018.

(6)

<b>Ratio</b>	<b>Formula</b>	<b>Calculation (correct to 2 decimal places)</b>
Gross profit as a percentage of revenue (margin)		
Net profit as a percentage of revenue		
Rate of inventory turnover		

(Total for Question 4 = 20 marks)

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You will need to use the data on **page 6** of the Resource Booklet to answer parts (a), (b), (c) and (e).

- 5 (a) Calculate the debenture interest for the year ended 31 August 2018. (1)

- (b) Complete the statement of changes in equity for the year ended 31 August 2018. (5)

**Wellsopp Ltd**  
**Statement of changes in equity for the year ended 31 August 2018**

	<b>Share capital \$</b>	<b>Retained earnings \$</b>	<b>Total \$</b>
Balance at 1 September 2017	28 000	30 000	58 000
Profit for the year			
Dividend			
Balance at 31 August 2018			





(e) Assess the liquidity of Wellsopp Ltd.

(4)

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(f) Explain **one** way in which working capital can be improved.

(2)

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**(Total for Question 5 = 20 marks)**

**TOTAL FOR PAPER = 100 MARKS**



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