

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 ☒.

You will need to use the data on **page 2** of the Resource Booklet to answer parts (a), (b), (c), (d) and (e).

1 (a) State the type of error made in: (2)

Error 1

.....

Error 2.

.....

(b) Prepare journal entries to correct the **four** errors.

Narratives are **not** required.

(8)

Journal

Date	Account	Debit \$	Credit \$
31 January 2019			

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Motor vehicles are depreciated at 25% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of acquisition.

(c) Calculate for the year ended 31 January 2019 the total depreciation charge for motor vehicles.

(2)

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The draft profit for the year ended 31 January 2019 was \$69 340

(d) Calculate the corrected profit.

(3)

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(e) Prepare the equity account.

(5)

Equity Account

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(Total for Question 1 = 20 marks)

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You will need to use the data on **page 3** of the Resource Booklet to answer parts (a) and (b).

2 (a) Calculate for the year ended 31 December 2018:

(i) cash sales

(2)

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(ii) credit sales

(1)

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(iii) credit purchases.

(1)

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(c) Identify where other receivables are shown in the statement of financial position. (1)

- A** Current assets
- B** Current liabilities
- C** Non-current assets
- D** Non-current liabilities

(d) Identify the accounting concept Adil must comply with if cash is taken from the business for his own use. (1)

- A** Accruals
- B** Business entity
- C** Prudence
- D** Realisation

(Total for Question 2 = 18 marks)

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

3 (a) Complete the table, indicating with a tick (✓) where each item of expenditure would be shown.

(4)

	Manufacturing Account	Statement of profit or loss
Carriage inwards – raw materials		
Carriage inwards – finished goods		
Carriage outwards		
Returns outwards		

(b) Calculate for the year ended 31 December 2018 the:

(i) production cost

(3)

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(ii) cost of sales.

(2)

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(c) Explain **one** reason why a business calculates the production cost.

(2)

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(d) Prepare the following accounts:

(i)

(4)

Trade Receivables Ledger Control Account

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(ii)

(3)

Allowance for Doubtful Debts Account

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(iii) Calculate the allowance for doubtful debts if Holly changed the allowance to 3% of trade receivables.

(1)

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(e) Identify when a business would create an allowance for doubtful debts.

(1)

- A** Decrease in cash purchases
- B** Decrease in cash sales
- C** Increase in credit purchases
- D** Increase in credit sales



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(f) Explain the effect on profitability of the writing off of an irrecoverable debt.

(2)

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(Total for Question 3 = 22 marks)

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P 6 3 6 9 6 A 0 1 1 1 6

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

4 (a) Prepare the realisation account.

(11)

Realisation Account

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(b) Calculate the amount due to Ravi on the dissolution of the partnership.

(2)

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(c) Explain what a credit balance in a bank account indicates.

(2)

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(d) Identify which applies in the absence of a formal partnership agreement.

(1)

- A Partners receive interest on capital
- B Partners receive interest on drawings
- C Profits and losses are shared equally
- D No interest is payable on partners' loans

(e) State the ratio used to measure the efficiency of inventory control.

(1)

(f) Identify the indicator used to measure the ability of a business to pay its short-term debts.

(1)

- A Acid test ratio
- B Current ratio
- C Return on capital employed
- D Trade payables collection period

(Total for Question 4 = 18 marks)



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

- 5 (a) Complete the statement of changes in equity for the year ended 31 January 2019. (5)

Bonihand Ltd
Statement of changes in equity for the year ended 31 January 2019

	Share capital	Retained earnings	Total
	\$	\$	\$
Balance at 1 February 2018	84 000	59 950	143 950
Profit for the year			
Dividend			
Balance at 31 January 2019			

- (b) Calculate the value of inventory at 31 January 2019. (3)

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(c) Prepare the statement of financial position at 31 January 2019.

(10)

Bonihand Ltd
Statement of financial position at 31 January 2019

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