





(b) Prepare the suspense account.

(4)

**Suspense Account**

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The bank account balance at 31 October 2020 before adjusting for the errors was \$633 Cr.

(c) (i) Explain **one** reason why the bank account had a credit balance on 31 October 2020.

(2)

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(ii) Calculate the adjusted bank account balance at 31 October 2020.

(3)

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**(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 (a), (b), (c), (d) and (e).

**2** (a) Prepare journal entries including narratives:

(i) to record the irrecoverable debt to be written off

(3)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
31 May 2020			

(ii) to record the year-end transfer to the financial statements.

(3)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
31 May 2020			

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(b) Calculate the allowance for doubtful debts at:

(i) 1 June 2019

(1)

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(ii) 31 May 2020.

(1)

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(c) Prepare the allowance for doubtful debts account for the year ended 31 May 2020. Balance the account on this date and bring the balance down on 1 June 2020.

(4)

**Allowance for Doubtful Debts Account**

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(d) Calculate the total purchases for the year ended 31 May 2020.

(3)

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(e) Prepare an extract of the statement of profit or loss for the year ended 31 May 2020 showing the **trading** section only.

(5)

**Fengbo**  
**Statement of profit or loss for the year ended 31 May 2020**

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(f) Identify which **one** of the following would be shown on the credit side of the trade payables ledger control account.

(1)

- A** Cash purchases
- B** Credit purchases
- C** Returns inwards
- D** Returns outwards

(g) Identify where the trade payables ledger control account is maintained.

(1)

- A** General journal
- B** General ledger
- C** Payables ledger
- D** Receivables ledger

**(Total for Question 2 = 22 marks)**

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P 6 5 3 7 1 A 0 7 1 6

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

- 3** (a) Identify, indicating with a tick (✓), what each partner would receive in the absence of a partnership agreement.

The first one has been completed as an example.

(5)

	0%	5%	50%
<i>Interest on capital</i>	✓		
Interest on drawings			
Interest on partners loan			
Partner's salary			
Share of loss			
Share of profit			

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

**4** (a) Calculate for the year ended 30 June 2020 the amount to be shown in the income and expenditure account for:

(i) tournament profit (1)

(ii) subscriptions (1)

(iii) profit/loss on disposal (1)

(iv) depreciation charge (1)

(v) rental income. (1)

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(b) Prepare the income and expenditure account for the year ended 30 June 2020.

(8)

**Indaw Sports Club**  
**Income and expenditure account for the year ended 30 June 2020**

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(c) Identify where the following are shown in the statement of financial position:

(i) rental income in arrears

(1)

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

(ii) subscriptions in advance.

(1)

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

(d) State the accounting concept that is being applied when adjusting for subscriptions received in advance.

(1)

(e) Explain, referring to an appropriate accounting concept, how the treasurer should treat a subscription that remains unpaid for a long time.

(2)

**(Total for Question 4 = 18 marks)**

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

- 5** (a) Calculate for the year ended 31 October 2020 the:
- (i) total debenture interest (1)

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  - (ii) adjusted profit (1)

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  - (iii) number of new ordinary shares issued (1)

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  - (iv) dividend paid. (2)

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  - (b) Prepare the statement of changes in equity for the year ended 31 October 2020. (9)

**KTM20 Ltd**  
**Statement of changes in equity for the year ended 31 October 2020**

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at 1 November 2019				
Share issue				
Profit for the year				
Dividend				
Balance at 31 October 2020				

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On 31 October 2020 the current (working capital) ratio had increased from the previous year.

(c) (i) Assess the causes of the change in liquidity over the past year.

(4)

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(ii) Explain **one** limitation of using ratios to make comparisons between years.

(2)

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(d) Identify the formula to calculate the liquid (acid test) ratio.

(1)

- A** Current assets : Current liabilities
- B** Current assets – inventory : Current liabilities
- C** Current assets : Total liabilities
- D** Current assets – inventory : Total liabilities

(e) State the ratio that measures profitability in relation to funds available.

(1)

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**(Total for Question 5 = 22 marks)**

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**TOTAL FOR PAPER = 100 MARKS**



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