

1 Ji Jun is a trader who buys and sells factory uniforms on credit.

REQUIRED

- (a) Complete the following table to show the source documents and ledger accounts in which **each** of the transaction would be recorded.

	Transaction	Source Document	Account to be debited	Account to be credited
(i)	Payment of staff salaries through bank's standing order.			
(ii)	Import duty imposed on uniforms bought from China.			
(iii)	Shirley, a credit customer returned damaged goods.			

[6]

- (b) Analyse the effect of transaction (i) from Part 1(a) on the following accounting elements of the business.

(i) owner's equity

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(ii) total assets

.....[1]

The following balances were extracted from the books of Ji Jun's business on 30 April 2022.

	\$
Motor vehicles	18 930
Inventory	3 000
Trade receivables	8 910
Trade payables	2 800
Cash at bank	?
Salary expense payable	800
Capital	28 640

REQUIRED

- (c) Calculate the value of cash at bank at 30 April 2022. All workings must be shown clearly.

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- (d) Explain the effect on profit if the salary expense payable was wrongly recorded as prepaid salary expense for the year ended 30 April 2022.

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[Total : 11]

[Turn over

- 2 Kumin Trading has the following information about its inventory of office chairs.

On 1 June 2022, the inventory valuation was \$22 490 for 80 office chairs.

During the financial year, the business made the following purchases of office chairs on credit:

Purchases on credit	Quantity	\$
2022		
Jun 4	40	13 120
12	80	24 920
18	50	15 540
25	80	22 460

Additional information:

- The business uses the FIFO system for inventory management.
- The business sold some office chairs on the following dates:

June 6	Sold 80 units for \$20 000 cash.
June 20	Sold 120 units for \$90 000 cash

REQUIRED

- (a) Calculate the total cost of sales for the month of June 2022.

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- (b) Calculate the value of inventory at 30 June 2022.

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After the valuation of inventory on 30 June 2022, it was discovered that the batch of office chairs purchased on 25 June 2022 had become outdated. The net realisable value of these office chairs was agreed to be \$18 000 after spending \$2 000 on maintenance service.

REQUIRED

- (c) Calculate the revised value of inventory at 30 June 2022.

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- (d) Prepare the journal entry to record the required adjustment to inventory at 30 June 2022. A narration is **not** required.

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- (e) Explain what is meant by perpetual inventory system.

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[Total : 10]

[Turn over

- 3 Geneco provides legal services and its accounting year ends on 31 December.

Geneco took up a bank loan with UCBC Bank at an interest rate of 3% per annum on 1 October 2019.

Repayment of principal and interest expense will take place every year starting 30 September 2020.

The following was extracted from Geneco's books.

Bank Loan – UCBC Bank				
Date	Particulars	Dr \$	Cr \$	Balance \$
2019 Oct 1	Cash at bank		90 000	90 000 Cr
2020 Jan 1	Balance b/d			90 000 Cr
Sep 30	Cash at bank	18 000		72 000 Cr
2021 Jan 1	Balance b/d			72 000 Cr
Sep 30	Cash at bank	18 000		54 000 Cr
2022 Jan 1	Balance b/d			54 000 Cr

REQUIRED

- (a) Calculate the interest expense for the year ended 31 December 2021.

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- (b) State **one** difference between non-current liabilities and current liabilities.

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- (c) Prepare an extract of the statement of financial position as at 31 December 2021, showing only the liabilities section.

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- (d) Analyse the effect of the loan from UCBC bank on the following items for the year ended 2019:

(i) working capital

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(ii) total liabilities

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- (e) Geneco made a loss of \$5 000 for the year ended 31 December 2021.

State the double entry for transferring the loss to the capital account.

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[Total : 10]

[Turn over]

4 Jimmy provided the following information for the financial years ended 31 July 2020, 2021 and 2022.

	2020	2021	2022
Sales revenue	430 000	516 000	612 000
Sales returns	30 000	16 000	12 000
Gross profit	60 000	75 000	82 000
Profit for the year	20 000	24 000	25 500
Average equity	390 000	520 000	660 000
Gross profit margin	15%	15%	?
Profit margin	5%	4.8%	?
Return on equity	5.13%	4.62%	?

REQUIRED

- (a) Calculate the following for the year ended 31 July 2022. Show your answer to **two** decimal places.

	31 July 2022
(i) Gross profit margin	
(ii) Profit margin	
(iii) Return on equity	

(b) Comment on the change in profitability of Jimmy's business over the **three** years.

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(c) Explain why it is important that business is profitable.

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[Total : 9]

END OF PAPER