Answer **all** the questions.

1 LX Trading provided the following balances as at 30 June 2024.

	$
Trade receivables	12 100
Trade payables	7 800
Bank overdraft	1 600
Inventory	13 300
Non-current assets	24 500
Loan from bank	10 000

REQUIRED

(a) Define the following terms:

(i) Assets

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....[1]

(ii) Liabilities

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....[1]

(b) Calculate the capital as at 30 June 2024.

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....[3]

(c) Explain the going concern theory.

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....[2]

The following transactions took place during the year ended 30 June 2024.

REQUIRED

(d) Name the source document used for each transaction.

	Source document
A credit customer was undercharged.	
Bought a computer on credit.	
Cash purchases.	
Bank charges.	

[4]

[Total: 11]

2 Kelvin runs a trading business with a financial year of 31 December.

On 1 April 2023, the business obtained a bank loan of $400 000. The loan is to be paid equally over 10 years. The first payment, together with interest, fell on 31 March 2024.

The interest incurred for the year ended 31 December 2023 was $15 000.

REQUIRED

(a) State **one** difference between a bank loan and a bank overdraft.

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....[2]

(b) Prepare the bank loan account for the year ended 31 December 2023 and 2024.

Bank loan account

Date	Particulars	Debit $	Credit $	Balance $

[4]

(c) Prepare an extract of the statement of financial position as at 31 December 2023 to show the liabilities section.

Extract of statement of financial position as at 31 December 2023

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....[3]

(d) Name and explain the accounting theory applied by a business when accounting for interest expense incurred but not yet paid.

Name: ....

Explanation: ....

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....[3]

[Total: 12]

3 On 1 October 2022, Danial's business bought a motor vehicle, costing $50 000, on credit from Speedy Co.

The business depreciates its motor vehicles at 10% per annum using the reducing balance method. The financial year of the business ends on 31 March.

REQUIRED

(a) Prepare the journal entry to record the transaction on 1 October 2022. A narration is required.

Date	Particulars	Debit $	Credit $

[3]

(b) Calculate the depreciation of motor vehicles for the financial year ended:

(i) 31 March 2023

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....[1]

(ii) 31 March 2024

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....[1]

(c) Prepare the journal entry to record the depreciation of motor vehicles for the year ended 31 March 2024. A narration is **not** required.

Date	Particulars	Debit $	Credit $

[2]

During the year ended 31 March 2024, Danial's business also bought a new machine and incurred expenditure relating to the machinery.

REQUIRED

(d) Classify the expenditure in the following table by placing a tick (√) in the appropriate column.

	Capital expenditure	Revenue expenditure
Delivery and installation fees		
Annual servicing and maintenance		
Utilities to run the machinery		

[3]

[Total: 10]

(iii)1 August 2023

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....[1]

(b) State the effect of the following transactions on the owner's equity.

(i) Income summary

....[1]

(ii) Drawings

....[1]

(c) Explain the accounting entity theory.

....

....[2]

[Total: 7]

END OF PAPER

4 Elysia runs a bookshop with a financial year end of 30 April. She has provided the following information.

Drawings account

Date 2024	Particulars	Debit $	Credit $	Balance $
Jan 18	Cash in hand	400		400 Dr
Mar 2	Inventory	500		900 Dr
Apr 30	Capital		900	-

Capital account

Date 2023	Particulars	Debit $	Credit $	Balance $
May 1	Balance b/d			24 800 Cr
Aug 1	Cash at bank		10 000	34 800 Cr
2024				
Apr 30	Income summary		7 800	42 600 Cr
30	Drawings	900		41 700 Cr
May 1	Balance b/d			41 700 Cr

REQUIRED

(a) Interpret the entries on the following dates:

(i) 18 January 2024

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....[1]

(ii) 2 March 2024

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....[1]

Answer **all** the questions.

Data for Question 1.

The following balances were extracted from Jazzy's business for the year ended 31 August 2024.

	Debit	Credit
	$	$
Service fee revenue		103 000
Office equipment, at cost	20 000	
Accumulated depreciation of office equipment		4 000
Motor vehicles, at cost	100 000	
Accumulated depreciation of motor vehicles		15 000
Discount	1 900	800
Allowance for impairment of trade receivables		500
Rent expense	17 000	
Wages and salaries	14 500	
Cash at bank	5 800	
Cash in hand	1 300	
Long-term loan		20 000
Trade receivables	5 600	
Capital, 1 September 2023		25 700
Drawings	2 900	
	169 000	169 000

Additional information as at 31 August 2024

1. Service fee revenue, $2 000, was received in advance.
2. Rent expense, $1 000, was prepaid.
3. The allowance for impairment of trade receivables is to be maintained at 7%.
4. Office equipment is to be depreciated at 10% per annum using the straight-line method.
5. Motor vehicle is to be depreciated at 15% per annum using the reducing-balance method.
6. $5 000 of the bank loan is due for repayment on 31 December 2024.

Answer all the questions.

1 **Refer to the Insert for data for Question 1.**

REQURIED

(a) Prepare the statement of financial performance for the year ended 31 August 2024.

Jazzy
Statement of financial performance for the year ended 31 August 2024

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(b) Prepare the statement of financial position as at 31 August 2024.

Jazzy

Statement of financial position as at 31 August 2024

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2 The financial year of TJ's business ends on 30 June 2024. The following information is provided.

	1 July 2023 $	30 June 2024 $
Salaries expense payable	1 400	1 800
Commission income received in advance	500	300

Additional information

1. Annual salaries amounted to $21 500.
2. Commission income of $4 200 was received via bank transfer.

REQUIRED

(a) State the meaning of the following:

(i) Expenses payable

....

....[1]

(ii) Income received in advance

....

....[1]

(b) Calculate the amount of commission income earned for the year ended 30 June 2024.

....

....[4]

(c) State the effect and amount of not adjusting commission income received in advance on profit for the year ended 30 June 2024.

....[2]

(d) Prepare the journal entries to record the following. Narrations are **not** required.

(i) To reverse the salaries expense payable on 1 July 2023.

Date	Particulars	Debit $	Credit $

[2]

(ii) To adjust the salaries expense payable on 30 June 2024.

Date	Particulars	Debit $	Credit $

[2]

(e) Prepare an extract of the statement of financial position as at 30 June 2024.

Extract of statement of financial position as at 30 June 2024

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....[2]

[Total: 14]

3 Green Hill sells plants and gardening tools. Details from the cash at bank account and bank statement for the month of March 2024 are as followings.

Cash at bank

Date	Particulars	Cheque Number	Debit $	Credit $	Balance $	
2024						
Mar-01	Balance b/d				1 824	Dr
2	Rent expense	1332		1 000	824	Dr
5	Sales revenue		1 800		2 624	Dr
12	Orchid Garden	1333	2 300		4 924	Dr
15	National Park	1334	1 700		6 624	Dr
25	Inventory			800	5 824	Dr
Apr-01	Balance b/d				5 824	Dr

Bank Statement

Date	Particulars	Debit $	Credit $	Balance $	
2024					
Mar-01	Balance b/d			1 900	Cr
2	Cheque 1331	76		1 824	Cr
4	Cheque 1332	1 000		824	Cr
10	Standing order - Insurance	2 500		1 676	Dr
13	Cheque 1333		2 300	624	Cr
17	Credit transfer - Rose		900	1 524	Cr
20	Rejected cheque -13 March	2 300		776	Dr

REQUIRED

(a) State **two** reasons why a business prepares a bank reconciliation.

1. ....

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2. ....

....[2]

(b) Besides bank reconciliation, name **two** internal controls over cash.

1. ....

2. ....[2]

(c) Update the cash at bank balance at 31 March 2024.

Cash at bank

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....[5]

(d) Prepare a bank reconciliation statement at 31 March 2024.

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....[5]

(e) State the effect and amount that the bank reconciliation has on the profit for the year.

....[2]

[Total: 16]

4 Jia's business sells furniture.

The business provided the following information on its business.

1. All sales are made on credit.
2. The business offers a credit period of 20 day to all its customers.
3. No discount is offered for early settlement.

Ben is a potential new customer. The following information is available about Ben's business.

1. Ben has been running the business for the past 8 years. However, the business has been experiencing a decline in sales in the past year.
2. Ben pays his suppliers within 27 days.
3. Ben's suppliers are willing to give a reference as to his reliability and payment history.

REQUIRED

(a) Recommend whether Jia should agree to make sales on credit to Ben. Justify your decision with **two** reasons.

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....[5]

The following transactions took place during the month of July 2024 with a credit customer, Jerry.

2024

July 1 Amount owed by Jerry, $400.

3 Jerry paid the amount owed on 1 July, less 5% cash discount.

6 The cheque received from Jerry on 3 July was dishonoured.

31 Jia decided to write off the balance amount by Jerry in full.

REQUIRED

(b) Prepare the journal entry to record the following transactions. Narrations are **not** required.

(i) 6 July 2024

Date	Particulars	Debit $	Credit $

[3]

(ii) 31 July 2024

Date	Particulars	Debit $	Credit $

[2]

[Total: 10]

END OF PAPER