Question 1
(a)

Inventory				
Date	Particulars	DR ($)	CR ($)	Bal ($)
2022				
Jul 1	Balance b/d (20 x 110)			2 200 Dr✔
Jul 4	Trade payable – TB Trading [30 x (90% x 100)]	2 700✔		4 900 Dr
Jul 9	Trade payable – TB Trading [10 x (90% x 100)]		900✔	4 000 Dr
Jul 15	Cost of sales		2 200✔	1 800 Dr
Jul 21	Impairment loss on inventory		1 800✔✔	--

[6]

(b)   Inventory management:

   ▪ Keeping proper records to track inventory ✔
   ▪ Keeping physical inventory in the warehouse (proper storage) ✔
   ▪ Buying insurance to insure the inventory✔

[3]

(c)   Possible problems (*Accept any one*)

   ▪ Increased storage-related expenses (eg. Rent, salary, utilities) hence decreasing profitability✔
   ▪ Higher risk of the inventory becoming obsolete before it can be sold, increasing impairment loss on inventory, reducing profitability ✔

[1]

[Total: 10 marks]

Question 2

(a)

<table>
<tr><td colspan="5">General Journal</td></tr>
<tr><td></td><td>Date</td><td>Particulars</td><td>DR ($)</td><td>CR ($)</td></tr>
<tr><td></td><td>2022</td><td></td><td></td><td></td></tr>
<tr><td>(i)</td><td>Apr 30</td><td>Cash at bank</td><td>2 900</td><td></td></tr>
<tr><td></td><td></td><td>Trade receivable – Matthew</td><td></td><td>2 900✔</td></tr>
<tr><td></td><td></td><td>Discount allowed</td><td>100</td><td></td></tr>
<tr><td></td><td></td><td>Trade receivable – Matthew</td><td></td><td>100✔</td></tr>
<tr><td></td><td></td><td>(3 000 – 2 900)</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(ii)</td><td>Apr 30</td><td>Trade payable – SLA</td><td>420</td><td></td></tr>
<tr><td></td><td></td><td>Trade payable – LSA</td><td></td><td>420✔</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(iii)</td><td>Apr 30</td><td>Capital</td><td>360</td><td></td></tr>
<tr><td></td><td></td><td>Income summary</td><td></td><td>360✔</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(iv)</td><td>Apr 30</td><td>Rent expense</td><td>2 560</td><td></td></tr>
<tr><td></td><td></td><td>Cash at bank (2 x 1 280)</td><td></td><td>2 560✔</td></tr>
</table>

[5]

(b)

<table>
<tr><td rowspan="2">Error</td><td colspan="2">Effects of error on</td></tr>
<tr><td>Profit</td><td>Total Assets</td></tr>
<tr><td>(i)</td><td>Overstated by $100✔</td><td>Overstated by $100✔</td></tr>
<tr><td>(ii)</td><td>No effects ✔</td><td>No effects ✔</td></tr>
<tr><td>(iii)</td><td>Understated by $360✔</td><td>No effects✔</td></tr>
<tr><td>(iv)</td><td>Overstated by $2 560✔</td><td>Overstated by $2 560 ✔</td></tr>
</table>

[6]

(c)   To provide documentary proof of transaction✔
       OR
       To provide information about transaction✔

[1]

[Total: 10 marks]

Question 3

(a)   Accumulated depreciation is the total value depreciated to date. ✔

[1]

(b)   Non-current assets are valued at cost less accumulated depreciation to find net book value. ✔

[1]

(c)   The medical equipment becomes less efficient over the years and a provides greater benefits in its earlier years than later years, therefore the reducing-balance method is chosen. ✔

[1]

(d)

	General Journal		
Date	Particulars	DR ($)	CR ($)
2022			
Jan 1	Drawings	11 650✔	
	Sale of non-current assets		11 650✔

[2]

(e)

BGN Medical		
Statement of Financial Performance for year ended 31 May 2022 (extract)		
	$	$
Less: Other expense		
Loss on sale of non-current assets (16 000 – 11 650)	4 350✔	
Depreciation of medical equipment {20% x [(380 000 – 25 000) – (100 500 – 9 000)	52 700✔	

[2]

[Total: 7 marks]

Question 4

(a)

	General Journal		
Date	Particulars	DR ($)	CR ($)
2021			
Jun 7	Allowance for impairment of trade receivables	500	
	Trade receivable – J&N Trading		500✔
	Being writing off amount owing from J&N Trading ✔		

[2]

(b)   Reversal of impairment loss on trade receivables   = ($95) ✔
        Profit increased by $95✔

[2]

(c)

	Year ended	
	31 July 2021	31 July 2022
Trade receivables collection period	Av Net TR = [(95% x 11 700) + (95% x 14 100)] / 2 = $12 255 TR collection period = 12 255 / 423 800 x 365 = 10.55 days✔	Av Net TR = [(95% x 14 100) + (95% x 12 200)] / 2 = $12 492.50 TR collection period = 12 492.50 / 457 140 x 365 = 9.97 days✔

[2]

(d)   Seah Coffee has become more efficient in managing trade receivables from the year
         ended 31 July 2021 to 2022. ✔
         The trade receivables collection period has improved from 10.55 days for the year
         ended 31 July 2021 to 9.97 days for the year ended 31 July 2022. ✔
         This suggests that the business is able to collect back their debts faster.

[2]

(e)   *Accept any 2*
         Send reminders to credit customers about payment due date
         Stricter debt collection process✔
         Offer cash discount to encourage early payment✔
         Impose interest on late payment✔
         Do a more thorough check on credit worthiness before extending credit✔

[2]

(f)   *Accept any 1*
         Specific industry outlook✔
         Economic outlook✔
         Reputation of business✔
         History of repayment✔

[1]
[Total: 11 marks]

End of paper