

## Incomplete records

### J11/12/ (11/13 same)

3 Alcazar has a clothing business and sells for cash and on credit.

A summary of his cash book for the year ended 31 March 2011 shows the following:

	\$
Deposits for the year (cash and credit amounts from customers)	15 270
Payments for the year (to suppliers, expenses and drawings)	13 950

You are given the following additional information:

Cash sales for the year deposited at the bank 2 680

	1 April 2010	31 March 2011
	\$	\$
Trade receivables	3 140	4 080
Inventory	1 780	1 920

An analysis of Alcazar's payments shows:

	\$
Purchases from suppliers	9 560
Carriage inwards	280
Rent	600
Electricity	360
Insurance	580
Wages paid to staff	1 370
Drawings	<u>1 200</u>
	<u><b>13 950</b></u>

REQUIRED

(a) Calculate Alcazar's credit sales for the year. Show your workings.

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.....[4]



- (ii) Calculate Alcazar's percentage of net profit to sales for the year. Show your workings and give your answer to two decimal places.

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 .....[3]

- (d) Alcazar did not bank additional cash sales of \$2500 which were, therefore, not included in his income statement.

- (i) Recalculate the new percentage of gross profit to sales. Show your workings and give the calculation to **two** decimal places.

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 .....[3]

- (ii) State whether including these cash sales has **increased** or **decreased** the percentage of gross profit to sales.

.....[1]  
 [Total: 26]

**J11/21**

2 Paul Muyambo is a trader. His financial year ends on 31 January.

Paul Muyambo does not maintain a full set of accounting records, but was able to provide the following information at 31 January 2011.

Assets and liabilities at 31 January 2011:

	\$
Machinery at book value	32 500
Inventory	12 648
Trade payables	9 485
Other payables	315
Trade receivables	11 320
Other receivables	261
Motor vehicle at valuation	10 300
Bank overdraft	11 146

The following adjustments are required on 31 January 2011:

- 1 The machinery should be depreciated by 25% on book value.
- 2 The motor vehicle should be revalued at \$9100.
- 3 A provision for doubtful debts of 2½% of the trade receivables should be created.

**REQUIRED**

- (a) Draw up a statement of affairs for Paul Muyambo at 31 January 2011 showing the total capital at that date.





**J11/22**

- 5 Osama Mousa is an advertising consultant. He does not maintain a full set of accounting records. His financial year ends on 31 March.

The following items appeared in a statement of affairs prepared on 31 March 2010.

	\$
Equipment at cost	16 000
Motor vehicle at cost	10 000
Trade payables	1 250
Trade receivables	5 200
Bank overdraft	3 800
Loan from Hi-Finance (repayable by 2015)	5 000
Other payables	150
Other receivables	1 000
Capital	22 000

During the year ended 31 March 2011 Osama Mousa inherited \$5 000. He used this to repay \$3 750 of the loan and to purchase additional equipment costing \$1 000. The balance of the money was paid into the business bank account.

Osama Mousa's drawings during the year ended 31 March 2011 amounted to \$8 000.

On 31 March 2011 Osama Mousa compared his assets and liabilities with those at 1 March 2010 and found that:

	\$
trade receivables had increased by	500
trade payables had increased to	1750
bank overdraft had reduced by	2400
other payables had increased by	400
petty cash amounted to	100

At 31 March 2011 the equipment and the motor vehicle should be depreciated by 25% of the cost of assets held on that date.

**REQUIRED**

- (a) On the following page, prepare a statement of affairs for Osama Mousa at 31 March 2011 showing the total capital at that date.



- (b) Using the capital you calculated in (a) and the information provided, calculate Osama Mousa's profit or loss for the year ended 31 March 2011.  
Your answer may be in the form of a calculation or a ledger account.

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 ..... [6]

[Total: 20]

**N12/22**

5 Tariq Osman is a trader. His financial year ends on 30 September.

All his sales are made on credit terms.

The selling price is calculated by marking up the cost price by 25%.

Tariq Osman provided the following information.

		\$
1 October 2011	Trade receivables	4 950

During the year ended 30 September 2012:

	Cheques received from credit customers	56 360
	Discount allowed to credit customers	1 640
	Bad debts written off	1 260
30 September 2012	Trade receivables	6 290
	Trade payables	6 150
	Inventory	5 800
	Bank overdraft	1 240
	Petty cash	100

**REQUIRED**

- (a) Calculate the credit sales for the year ended 30 September 2012. Your answer may be in the form of a ledger account or an arithmetic calculation.

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 ..... [6]

(b) Using your answer to (a) and the information above, calculate the gross profit for the year ended 30 September 2012. Show your workings.

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.....[2]

(c) Using your answers to (a) and (b), calculate the cost of sales. Show your workings.

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.....[2]

(d) Assuming that Tariq Osman's average inventory is \$6 000, calculate the rate of inventory turnover. The calculation should be correct to **two** decimal places. Show your workings.

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.....[2]

(e) Suggest **two** ways in which the rate of inventory turnover could be improved.

1.....  
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2.....  
.....[4]

(f) Calculate the current ratio. The calculation should be correct to **two** decimal places. Show your workings.

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.....[3]

(g) Calculate the quick ratio (acid test ratio). The calculation should be correct to **two** decimal places. Show your workings.

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 .....[3]

(h) Explain why the quick ratio (acid test ratio) is more reliable than the current ratio as an indicator of liquidity.

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 .....  
 .....[2]

(i) Suggest one way in which Tariq Osman could improve his quick ratio (acid test ratio).

.....  
 .....[2]

[Total: 26]

**N12/23**

1 Nadia Dhari is a trader. Her financial year ends on 30 June. She does not maintain many accounting records but was able to provide the following information at 30 June 2012.

	\$
Fixtures and fittings at book value (cost \$7 000)	5 600
Motor vehicle at book value (cost \$12 000)	6 600
Bank	4 120 debit
Trade payables	3 100
Trade receivables	3 500
Inventory	2 800
Other receivables	220
Other payables	350
Loan repayable 31 December 2020	3 000

The following adjustments are required on 30 June 2012.

- 1 A bad debt, \$70, should be written off.
- 2 The fixtures and fittings should be depreciated at 20% per annum using the reducing (diminishing) balance method.
- 3 The motor vehicle should be depreciated at 15% per annum on cost.

**REQUIRED**

(a) Draw up a statement of affairs for Nadia Dhari at 30 June 2012.

The statement of affairs should show the different types of assets and liabilities and the total capital at that date.

Nadia Dhari  
Statement of Affairs at 30 June 2012

	\$	\$

[13]

On 1 July 2011 Nadia Dhari's capital was \$8 200. On 1 December 2011 she introduced a further \$5 000 as capital which was paid into the business bank account.

During the year ended 30 June 2012 Nadia Dhari made the following drawings:

	\$
Cash	2 800
Goods	350

REQUIRED

(b) Using the capital you calculated in (a) and the information above, calculate Nadia Dhari's profit or loss for the year ended 30 June 2012. Your answer may be in the form of either an arithmetic calculation or a capital account.

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.....[7]

All Nadia Dhari's sales and purchases are made on credit terms. She allows her credit customers a period of 30 days in which to pay their accounts.

The credit sales for the year ended 30 June 2012 amounted to \$28 900.

**REQUIRED**

- (c) Calculate the collection period for trade receivables. Your answer should be rounded up to the next whole day. Show your workings.

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.....[2]

- (d) State whether Nadia Dhari will be satisfied with the ratio you calculated in (c).

.....[1]

- (e) Explain how Nadia Dhari's payment period for trade payables may be affected by the collection period for trade receivables.

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.....  
.....[2]

[Total: 25]

**J13/11**

- 6 Suresh does not keep proper accounting records. He provided the following information about his assets and liabilities at 31 December 2011.

	\$
Vehicle at cost	16 000
Fixtures and fittings at cost	4 000
Inventory	9 200
Trade receivables	6 500
Other receivables (prepaid insurance)	200
Trade payables	9 100
Bank overdraft	420
Bank loan	10 000

The bank loan was to be repaid in 10 equal instalments on 30 June of each year starting on 30 June 2012.

- (a) Prepare Suresh's statement of affairs at 31 December 2011. [6]



Purchase invoices for the year amounted to \$36 000.  
 Sukesh knew that in some cases he had taken a cash discount. Invoices from suppliers which were unpaid at 31 December 2012 were \$9 300.

(c) Calculate discount received for the year ended 31 December 2012.

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 .....  
 .....  
 .....  
 .....[3]

Additional information

- 1 Inventory at 31 December 2012 was valued at \$8 800.
- 2 Sukesh decided that his non-current assets had maintained their value during the year.
- 3 Prepaid insurance at 31 December 2012 was \$250.

(d) Prepare Sukesh's income statement for the year ended 31 December 2012.

Sukesh  
 Income Statement for the year ended 31 December 2012

	\$	\$

[14]

(e) Explain why Sukesh should be providing for depreciation on his non-current assets.

.....  
.....  
.....[2]

(f) Name four interested parties, who might want to see Sukesh's financial statements.

1.....  
2.....  
3.....  
4.....[4]

(g) Calculate, to two decimal places, Sukesh's rate of inventory turnover for the year ended 31 December 2012. Show your workings.

.....  
.....  
.....[3]

(h) Duarte runs a similar business which has a rate of inventory turnover of 7.83 times.

(i) State which business has the better rate of inventory turnover.

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(ii) Suggest one reason for the difference.

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.....[3]

[Total: 38]

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(c) Calculate the expenses paid during the year ended 30 April 2013.

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.....[7]

(d) Explain two reasons why William Masanga should value his inventory on 30 April 2013 at \$3 250.

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2.....  
.....[4]

(e) Assume that the inventory on 30 April 2013 was incorrectly valued at \$3 480. Complete the following table by placing a tick (✓) in the correct column to show the effect of this error.

	Understated	Overstated	No effect
Profit for the year ended 30 April 2013			
Profit for the year ended 30 April 2014			

[4]

(f) William Masanga has asked A1 Wholesalers Ltd to supply him with goods on credit. He has not previously traded with this supplier.

State **one** reason why A1 Wholesalers Ltd would be interested in William Masanga's financial statements.

.....  
.....  
.....[2]

[Total: 28]



(b) Using your answer to (a) and the information above calculate Solomon’s profit for the year ended 31 August 2013.

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.....[5]

(c) The bank statements show that receipts from customers during the year were \$94 450, and payments to suppliers were \$71 700.

Prepare the trading account section of Solomon’s income statement for the year ended 31 August 2013.

Solomon  
Income Statement for the year ended 31 August 2013

	\$	\$

[8]

**N13/13**

4(d) Solomon is considering going into partnership. State two advantages and two disadvantages of forming a partnership.

Advantages

1.....

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2.....

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Disadvantages

- 1.....  
.....  
2.....  
.....[4]  
[Total: 23]

**N14/23**

4 Grace Mhando started a business on 1 October 2013. She did not maintain a full set of accounting records. All goods are bought and sold on credit terms.

She provided the following information.

For the year ended 30 September 2014

	\$
Payments to credit suppliers	31 600
Receipts from credit customers	35 100
Discount allowed to credit customers	900
Returns to credit suppliers	2 100
Bad debts written off	100
Interest charged by credit supplier on overdue account	40
Carriage inwards	1 090

On 30 September 2014

Amount owed to credit suppliers	1 990
Amount owed by credit customers	3 950

**REQUIRED**

(a) Calculate the credit purchases for the year ended 30 September 2014.

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.....[6]

(b) Calculate the credit sales for the year ended 30 September 2014.

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.....[6]

Grace Mhando did not value her inventory on 30 September 2014. Her gross profit margin was 20%.

REQUIRED

- (c) Calculate the value of the inventory on 30 September 2014 by means of an income statement (trading section).

Grace Mhando  
Income Statement (Trading Section) for the year ended 30 September 2014

	\$	\$

[7]

- (d) State **two** reasons why Grace Mhando’s credit suppliers would be interested in her financial statements.

1 .....  
 .....  
 2 .....  
 ..... [2]

- (e) Name two other business people who would be interested in Grace Mhando’s financial statements.

1 .....  
 2 ..... [2]

[Total: 23]

J15/12

4 Rani is a sole trader. On 31 December 2013 her statement of financial position was as follows.

		Rani	
		Statement of Financial Position at 31 December 2013	
Non-current assets		\$	\$
Fixtures and fittings (at book value)			<u>12 000</u>
Current assets			
Inventory		6 380	
Trade receivables	1 200		
Provision for doubtful debts	<u>(36)</u>	1 164	
Bank		<u>110</u>	
			<u>7 654</u>
Total assets			<u><b>19 654</b></u>
Capital			<u>18 454</u>
Current liabilities			
Trade payables		910	
Other payables		<u>290</u>	
			<u>1 200</u>
Total liabilities			<u><b>19 654</b></u>

At the end of December 2014 the book-keeper ran away and it was found that no detailed records had been kept. The following information, however, was available for the year ended 31 December 2014.

- 1 Fixtures and fittings are depreciated at 20% per annum on the net book value. No fixtures or fittings had been bought during the year.
- 2 A delivery van costing \$15 000 had been bought during the year. It was to be depreciated at the rate of 40% a year on the reducing (diminishing) balance basis. A full year's depreciation is to be provided in the year of purchase.
- 3 The provision for doubtful debts is to stay at the same percentage.
- 4 Other assets and liabilities at 31 December 2014 were as follows.

	\$
Inventory	8 340
Trade receivables (before provision)	1 600
Bank	90 debit
Trade payables	1 100
Accrued electricity	190
Accrued wages	230

- 5 Drawings amounted to \$11 600.

REQUIRED

(a) Calculate the net assets of the business at 31 December 2014.

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.....[12]

(b) (i) Calculate the change in net assets between 31 December 2013 and 31 December 2014.

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.....  
.....[3]

(ii) State why the change in net assets was not equal to the profit for the year.

.....  
.....[1]

Rani wants to know more about the performance of her business.

REQUIRED

(c) State two ratios Rani could calculate from a detailed income statement to help her achieve this.

1 .....  
2 .....[2]





REQUIRED

(a) Prepare the income statement for the year ended 31 January 2015.

Rania Gharib  
Income Statement for the year ended 31 January 2015

	\$	\$

[13]

(b) Calculate the rate of inventory turnover. The calculation should be correct to two decimal places.

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.....[3]

(c) Suggest two reasons why the rate of inventory turnover has improved.

1 .....

2 .....[2]

(d) Explain what is measured by the return on capital employed (ROCE).

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.....[2]

- (e) Calculate the return on capital employed (ROCE), using the profit for the year in (a) and the capital employed of \$83 000. The calculation should be correct to two decimal places.

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.....[2]

- (f) Suggest one reason why the return on capital employed is higher than it was in the previous year.

.....

.....[1]

After the preparation of the income statement for the year ended 31 January 2015, it was discovered that the opening inventory had been overvalued by \$250.

REQUIRED

- (a) Complete the following table to show the effect of this. The first one has been completed as an example.

	Overstated	Understated	no effect
gross profit for the year ended 31 January 2014	✓		
credit balance on capital account on 1 February 2014			
gross profit for the year ended 31 January 2015			
profit for the year ended 31 January 2015			
current assets at 31 January 2015			

[4]

[Total: 27]

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**N15/12**

5 Nzita is a sole trader. His statement of financial position at 31 January 2014 included the following balances.

	\$
Trade receivables	700
Trade payables	400
Inventory	1 100
Equipment at cost	15 700
Provision for depreciation of equipment	4 100
Prepaid rent	250
Bank	2 100 debit

**REQUIRED**

(a) Calculate Nzita's capital at 31 January 2014.

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[6]

A summary of Nzita's bank statements showed the following for the year ended 31 January 2015.

	\$
Receipts from customers	28 900
Payments to suppliers	12 600
Wages	5 200
Rent	3 100
Purchase of new equipment	1 100
Sundry expenses	2 650
Drawings	6 600

Further information is as follows.

- 1 Nzita depreciates his non-current assets at the rate of 10% per annum on the straight line basis. A full year's depreciation is provided in the year of purchase.
- 2 No non-current assets were disposed of during the year.
- 3 Proper books of account were not kept during the year but Nzita provided the following information at 31 January 2015.

	\$
Trade receivables	900
Trade payables	650
Inventory	1 400
Prepaid rent	150

- 4 All sales and purchases were made on credit.



- (d) Prepare an extract from Nzita's statement of financial position at 31 January 2015 showing the capital section.

Nzita  
Statement of Financial Position (extract) at 31 January 2015

	\$	\$

[4]

- (e) Calculate, to two decimal places, Nzita's gross profit margin for the year.

.....  
 ..... [2]

- (f) Suggest two reasons why Nzita's gross profit margin was lower than in the previous year.

1 .....  
 2 ..... [2]

[Total: 31]

**N15/13**

- 5 Elliott started a business selling machinery on 1 May 2015. He opened a business bank account with \$12 000 of his own money and transferred his own vehicle to be retained and used in the business at a valuation of \$1 800.

He provided the following summary of the transactions in the first month of trading.

- Paid \$3 000 by standing order for three months' rent.
- Bought 6 machines at \$300 each and 8 machines at \$400 each, paying by credit transfer.
- Sold 5 of the cheaper machines for \$450 each in cash.
- Sold 6 of the more expensive machines for \$700 each receiving the funds by cheque.
- Withdrew \$3 600 from the bank as drawings.
- Paid sundry expenses, \$150, in cash.
- Paid cash, \$2 000, into the bank.
- Used, but did not pay for, electricity, \$80.

**REQUIRED**

- (a) Prepare Elliott's cash book for May 2015. Balance the cash book and bring down the balances on 1 June 2015.



(c) Prepare Elliott’s statement of financial position at the end of the first month of trading.

Elliott  
Statement of Financial Position at 31 May 2015


[9]

(d) Suggest **one** reason, based on your answer to (c), why Elliott might face financial difficulties in the future.

.....  
 ..... [1]

[Total: 30]

**J16/11**

**2 (a)** Complete the following sentence using the words 'plus' and 'minus'.

capital at start of year ..... profit for the year ..... capital introduced .....  
 drawings = capital at end of year [1]







Boris provided the following additional information.

	\$
Trade payables at 1 July 2015	710
During the year ended 30 June 2016	
Payments to credit suppliers	4 320
Invoices received	4 500
Trade payables at 30 June 2016	680

**REQUIRED**

- (b) Prepare the total trade payables account for the year ended 30 June 2016 to determine the discount received by Boris during the year.

Boris  
Total trade payables account

Date	Details	\$	Date	Details	\$

[5]

Boris provided the following additional information.

- At 1 July 2015, the non-current assets which originally cost \$7 100 had accumulated depreciation of \$2 800. Boris's policy is to depreciate non-current assets at 10% per annum using the reducing (diminishing) balance basis.
- Boris's capital on 1 July 2015 was \$5 010. During the year he made drawings of \$2 050.
- On 30 June 2016  
Inventory 700  
Other operating expenses accrued 100  
Bank overdraft 300  
Trade receivables from your answer to part (a)  
Trade payables from your answer to part (b)

**REQUIRED**

- (c) Prepare Boris's statement of financial position at 30 June 2016. Show both opening and closing balances in the capital section. Insert profit for the year as a balancing figure.

Boris  
Statement of Financial Position at 30 June 2016

	\$	\$	\$

[11]

(d) Comment on Boris's drawings policy.

.....

.....

..... [2]

[Total: 24]



J17/11

4 Elil is a trader dealing in clocks.

**REQUIRED**

(a) State how inventory should be valued in the financial statements.

.....[1]

Elil buys clocks for \$24 each. The following information is available about Elil’s business:

- 1 Elil had inventory of 100 clocks on 1 January 2016.
- 2 During the year he bought 2 000 clocks.
- 3 During the year he sold 50 clocks at a promotional price of \$40 each. All other sales were made at a selling price of \$60 each.
- 4 He had inventory of 180 clocks on 31 December 2016.
- 5 All sales were made on a credit basis.

**REQUIRED**

(b) Calculate the value of Elil’s sales for the year ended 31 December 2016.

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.....[4]

(c) Calculate Elil’s gross profit for the year ended 31 December 2016.

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.....[5]

Elil provided the following additional information.

- 1 Trade receivables were \$7 900 on 1 January 2016.
- 2 During the year bad debts, \$200, were written off.
- 3 Trade receivables were \$9 100 on 31 December 2016.

**REQUIRED**

(d) Calculate the amount Elil received from his trade receivables during the year ended 31 December 2016.

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 .....[5]

(e) State **two** reasons why the amount you calculated in (d) was **not** included in the income statement.

1 .....  
 .....  
 2 .....  
 .....[2]

Elil is considering making future payments to suppliers earlier in order to receive discount.

**REQUIRED**

(f) Name the type of discount Elil would receive.

.....[1]

(g) Complete the table below indicating with a tick (✓) the effect of the receipt of the discount on **each** item.

	Increase	Decrease	No effect
gross profit			
profit for the year			
working capital			

[3]  
**[Total: 21]**





**N17/12**

5 HS Limited was formed on 1 January 2016 with the issue of 1 million ordinary shares of \$0.50 each. During 2016 the following took place.

- 1 Premises were bought for \$400 000. Half of this cost was for the land and half for the buildings. A vehicle was bought for \$20 000 and fixtures and fittings for \$35 000.
- 2 Receipts from credit customers were \$290 000. Payments to credit suppliers were \$193 000. Payments for wages and other operating expenses were \$80 000.

All sales and purchases were on credit.

**REQUIRED**

(a) Calculate the balance on the bank account at 31 December 2016.

	\$	\$
Receipts		
Payments		
Closing balance		

[6]

Additional information

- 1 The directors agreed on the following depreciation policy.
  - Buildings 1% per annum
  - Vehicles 25% per annum
  - Fixtures and fittings 10% per annumA full year's depreciation was to be provided in the year of purchase.
- 2 On 31 December 2016 the company had the following assets and liabilities.

	\$
trade receivables	20 000
trade payables	25 000
prepaid expenses	10 000
inventory	21 000

**REQUIRED**

(b) Prepare the income statement for the year ended 31 December 2016.



The directors of HS Limited are worried that the company has not paid a dividend during the year.

**REQUIRED**

(d) Name the financial statement in which any dividend paid would have been recorded.

.....[1]

HS Limited had a percentage of gross profit to revenue which was lower than the industry average and a percentage of profit to revenue which was higher than the industry average.

**REQUIRED**

(e) Suggest **one** reason for **each** of these differences.

Percentage of gross profit to revenue

.....  
.....

Percentage of profit to revenue

.....  
.....[2]

[Total: 30]

**J18/12**

6 Siegfried is a sole trader who does not maintain a complete set of double entry records. He has provided the following information.

	1 January 2017 \$	31 December 2017 \$
Equipment at cost	18 000	18 000
Inventory	2 415	2 934
Trade receivables	1 930	2 042
Trade payables	1 210	1 455
Bank	-	209
Bank overdraft	835	-
Accrued expenses	-	98
Prepaid rent	-	120
Capital	20 300	?

On 31 December 2017, Siegfried brought his own motor vehicle into the business, valued at \$5 500. He decided to write off trade receivables, \$100, and to start depreciating equipment by 20% per annum.

**REQUIRED**



(d) State the formula for the calculation of the ROCE.

.....  
.....[1]

(e) Calculate Siegfried's return on capital employed for the year ended 31 December 2017. Use the **opening** capital in your calculation which should be correct to **two** decimal places.

.....  
.....  
.....  
.....[2]

Siegfried knows that he sold the same number of units and had applied the same mark-up in the year ended 31 December 2017 as he did in the previous year, but made a lower profit for the year.

**REQUIRED**

(f) Suggest **one** reason why Siegfried made a lower profit for the year for the year ended 31 December 2017 than the previous year.

.....  
.....  
.....[1]

(g) State **three** benefits to Siegfried of maintaining a full set of double entry records.

1 .....  
.....  
2 .....  
.....  
3 .....  
.....[3]

[Total: 20]



**N18/11**

5 Khalid is a furniture wholesaler. His financial year ends on 30 September.

All purchases and sales are made on credit terms.

Khalid does not maintain a full set of accounting records but was able to provide the following information.

On 1 October 2017	\$
Inventory	3 100
Trade receivables	4 620

During the year ended 30 September 2018

Cheques received from trade receivables	47 970
Discount allowed	1 230
Irrecoverable debts written off	115
Total purchases	39 200

On 30 September 2018

Trade receivables	3 305
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After the warehouse was closed on 30 September a fire broke out and a quantity of the inventory was destroyed. The undamaged inventory was valued at \$1 500.

The profit mark-up is 25%.

**REQUIRED**

(a) Calculate the sales for the year ended 30 September 2018.

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..... [6]

**(b)** Prepare an income statement (trading account section) to calculate the value of the inventory which was destroyed.

Khalid

Income Statement (Trading Account section) for the year ended 30 September 2018

	\$	\$	\$

[7]

**(d) (i)** Calculate the rate of inventory turnover. The calculation should include the total inventory before the fire broke out on 30 September 2018. The calculation should be correct to **two** decimal places.

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.....

..... [2]

**(ii)** State what is measured by the rate of inventory turnover.

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.....

..... [1]

Khalid decided that in future he would maintain a full set of double entry records and prepare control accounts at the end of each month.

**REQUIRED**

(d) Complete the table by using a tick (☑) to show where **each** of the following items would appear in Khalid's purchases ledger control account.

	Debit	Credit
opening balance owed to credit suppliers		
credit purchases		
cheques paid to credit suppliers		
cash discount received		
contra between sales and purchases ledgers		

[5]

[Total: 21]

Ahsan Zarif, TCS <PAF Chapter>





# J19/21

3 Min started a business selling office machinery on 1 January 2018. He did not maintain a full set of accounting records.

All purchases and sales were made on credit terms. All payments were made through the bank and all money received was banked.

Min was able to provide the following information.

On 1 January 2018	\$
Capital deposited in business bank account	65 000

During the year ended 31 December 2018

Non-current assets purchased	64 000
Interest-free loan from parents	5 000
Credit sales	21 640
Amounts paid to credit suppliers	14 625
Cash discount received	375
Cash discount allowed	338
Returns to credit suppliers	2 140
Returns from credit customers	2 042
Irrecoverable debts written off	380

At 31 December 2018

Amount owed to credit suppliers	1 434
Amount owed by credit customers	1 980
Cash at bank	5 392

### REQUIRED

(a) Calculate the credit purchases for the year ended 31 December 2018.

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[5]

(b) Calculate the amount received from credit customers during the year ended 31 December 2018.

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[6]

(c) Prepare the bank account for the year ended 31 December 2018. Insert the missing figure which represents the expenses for the year.

Min  
Bank account

Date	Details	\$	Date	Details	\$

[7]

Min has been advised to start maintaining double entry records and to prepare annual financial statements.

**REQUIRED**

(d) State **three** advantages to Min of maintaining double entry records.

1 .....

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2 .....

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3 .....

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[3]

(e) (i) Suggest **two** reasons why Min's bank manager may be interested in his financial statements.

1 .....

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2 .....

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[2]

(ii) Suggest **two** reasons why Min's credit suppliers may be interested in his financial statements.

1 .....

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2 .....

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[2]

[Total: 25]

Ahsan Zarif, TCS <PAF Chapter>

**N19/21**

4 Ishaq started a business on 1 August 2018. He did not maintain a full set of accounting records.

All purchases were made on credit terms. Some goods were sold on credit terms and some were sold for cash.

All payments were made through the bank and all money received was banked.

Ishaq was able to provide the following information.

	\$
On 1 August 2018	
Capital deposited in business bank account	95 000
Purchase of non-current assets by bank transfer	70 000

During the year ended 31 July 2019

Amount received from credit customers	47 385
Cash discount allowed	1 215
Cash discount received	981
Credit purchases	38 450
Returns to credit suppliers	1 980
Bad debts written off	150
Operating expenses paid	21 451

At 31 July 2019

Amount owed by credit customers	7 650
Amount owed to credit suppliers	3 770
Cash at bank	21 315

**REQUIRED**

(a) Calculate the amount paid to credit suppliers during the year ended 31 July 2019.

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..... [5]





Mariam  
Statement of Affairs at 30 September 2019

	\$	\$	\$

[15]

- (b) Prepare the capital account of Mariam for the year ended 30 September 2019 to show the profit or loss for the year.

Mariam  
Capital account

Date	Details	\$	Date	Details	\$

[5]

Mariam has been advised to start maintaining double entry records.

**REQUIRED**

- (c) State **two** advantages to Mariam of maintaining double entry records.

- 1 .....
- .....
- 2 .....
- ..... [2]

[Total: 22]

Ahsan Zarif, TCS <PAF Chapter>