

THE 13TH HONG KONG DIPLOMA OF SECONDARY EDUCATION MOCK EXAMINATION 2024

第十三屆全港 DSE 模擬試 2024

Business, Accounting and Financial Studies Paper 2A

Paper 2A
Accounting Module

SECTION A

QUESTION 1

Marks

(a) **Timmy Manufacturing Company**

Income statement for the year ended 31 December 2023

	\$	\$	
Sales ($\$660 \times 4,400$)		2640000	½
Less: Variable cost of goods sold			
Add: Direct Material($(50 \times 4 + 25 \times 2) \times 5000$)	1250000		½
Add: Direct Labour Cost (75×5000)	375000		
Add: Total variable cost of production (60×5000)	300000		0.5
Add: Absorbed fix production overhead	140000		1
Less: closing inventory(w1)	206500		
	1858500		
Add: Under absorption	10000	1868500	0.5
		771500	
Less: Sales commission ($\$2640000 \times 3\%$)		79200	½
Net profit		692300	½

(6)

(w1): $(28 + 50 \times 4 + 25 \times 2 + 75 + 60) \times 500 = 206500$

(b) the absorbed fixed production overhead would involve in closing inventory in absorption costing and marginal costing will not.

QUESTION 2**- Cancelled****QUESTION 3****Marks**

(a) **Cash at bank**

2023		\$	2023		\$
½	Balance b/d	238450	Trade receivables	5000	1
1	trade receivables	9000	Fixed deposit	50000	1
	Trade payables	10000	Rent	50040	1
1	Interest income	8700	Balance c/d	161110	½
		<u>266,150</u>		<u>266,150</u>	

(6)

(b) **Bank reconciliation statement as at 31 December 2023**

	\$	\$	
Updated balance as per cash at bank account		161110	½
Add: Unpresented cheques		<u>20500</u>	½
		181610	
Less: Uncredited cheques	<u>27500</u>	<u>27500</u>	1
Balance as per bank statement		<u>154110</u>	½

(3)

SECTION B

QUESTION 4

(a)

Marks

		Journal		
		Dr.	Cr.	
		\$	\$	
(i)	Suspense	2000		½
	Trade payable		2000	
(ii)	Drawing	2000		
	Cash		2000	½
(iii)	Trade receivable	22500		½
	Sales		22500	½
	Purchases	30000		½
	Trade payable		30000	½
(iv)	Office equipment	10000		½
	Purchases		10000	
(v)	Bad debt recovered	2300		½
	Bad debt		2300	½
	Allowance for doubtful account	3210		½
	Decrease for allowance for doubtful debt		3210	½
(vi)	Inventory	5000		½
	Profit and Loss-Closing inventory		5000	½
(vii)	Drawing	5000		½
	Salary		5000	

(7)

Marks

(b)

		Suspense			
		\$	\$		
1	Trade payable	2000	Balance bld	2000	1
		2000		2000	(2)

(c)

The business entity concept has been violated. The business should be separate with the owner and the company.

QUESTION 5

(a) Total cost if not accept the offer from orange company
 $5000 \times 75 + 2000 \times 105 + 15000 \times 155 + 500000 + 250000 + 60000$
= \$7110000 (3 marks)

Total Cost if accept the offer form orange company
 $5000000 + 5000 \times 75 + 5000 \times 105 + 5000 \times 155 + 10 \times 15000 + 60000 + 75000$
= \$6950000 (4 marks)

Hence, the total Cost if accept the offer form orange company is lower, Apple ltd should take the offer. (Total 7 marks)

(b) Contribution per unit of BASIC
 $(300000 - 375000) / 25000$
= 105

Contribution per unit of Standard
 $(150 \times 20000 - 5000 \times 105) / 20000$
= 123.75

Contribution per unit of Premium
 $(210 \times 15000 - 5000 \times 155) / 15000$
= 158.3333

$105 \times 5/12 + 123.75 \times 4/12 + 158.3333 \times 3/12$
= 124.58333 (1 Marks)

Total fixed cost:
 $5000000 + 60000 + 150000 + 65000$
= 52575000 (1 Marks)

$52575000 / 124.583333$
= 42342 unit

Breakeven unit of Basic
 $42342 \times 5/12$
= 17643 units

Breakeven unit of Standard
 $42342 \times 4/12$
= 14114 units

Breakeven unit of Premium
 $42342 \times 3/12$
= 10586 units (1 marks)

- (c) Sunk costs are historical costs that have already been incurred and will not make any difference in the current decisions by management. In this case, the factory rent and rate are sunk cost.

QUESTION 6

Marks

(a)

		Revaluation		
		\$	Motor	\$
½	Trade payable	2000		30000
½	Electricity bill prepayment	6000		
	Gain on revaluation:			
	Capital – Chan (3/6)	11000		
½	Capital – Chow (2/6)	7333		
½	Capital – Siu (1/6)	3667		
		30000		30000

(2.5)

Marks

(b)

		Capital									
		Chan	Chow	Siu	Hui						
		2023	2023	2023	2023	Chan	Chow	Siu	Hui		
		\$	\$	\$	\$	\$	\$	\$	\$		
1	Goodwill	22500		15000	7500	Balance b/d	150000	80000	30000		½
1	Loan from Chow		110333			Current		8000			1
½	Balance c/d	161000		26167	580000	Revaluation	11000	72,000	48,000		½
						Goodwill	22500	15000	7500		1
						Bank (bal. fig.)			587500		½
											(6)

(c) **Cancelled**

SECTION C

QUESTION 7

Marks

(a)

Stone Limited

Income statement for the year ended 31 December 2023

	\$	\$	
Sales (4454000-60000-125000)		4269000	1
Less: Cost of goods sold		<u>2347950</u>	<u>1</u>
Gross profit		1921050	
Less: Selling expenses	30750		<u>1</u>
Administrative expenses (w1)	797000		5
Operating expense	293000		1
Debenture interest (500000x6%x10/12)	<u>25000</u>	<u>1422500</u>	1
Net profit before tax		<u><u>498550</u></u>	(7)

W1

$$205000+200000+18000+3000+31000+47000+264000+29000 =797000$$

(b)

Stone Limited

Statement of financial position as at 31 December 2023

	\$	\$	
Non-current assets			
Premises, net		1250000	½
Van, net		39000	½
Current assets			
Inventory	670850		½
Trade receivables	815000		½
Cash at bank	<u>771745</u>	<u>2257595</u>	½
Total assets		<u><u>3546595</u></u>	
Equity			
Ordinary share capital		1176700	½
Retained profit		581295	1½
General reserve		80000	½
Preference share capital		<u>626245</u>	½
		2464240	
Non-current liabilities			
5% Debentures		500,000	½
Current liabilities			
Trade payables	336355		½
Accrued expense	<u>246000</u>	<u>582355</u>	½
Total equity and liabilities		<u><u>3546959</u></u>	(7)

(c)

current ratio is great, which means it can be easy to handle the liabilities, not easy to go bankrupt.

Earning per share is just normal. It is a stable company but can not bring you a huge profit.

(other reasonable answer)

(2 Marks per each, maximum 4 marks)

QUESTION 8**Marks**

		Steve		
		Income statement for the year ended 30 April 2023		
		\$	\$	
(a)	Sales		221500	1
(i)	Less: Cost of goods sold			
	Opening inventory	165800		½
	Add: Purchases	47500		1½
		<u>213300</u>		
	Less: Inventory loss (bal. fig.)	554700		1
			<u>88600</u>	1
	Gross profit		132900	
	Add: Other revenue			
	Discount Received		5500	
	Less: Expenses			
	Inventory loss	554700		½
	Rent and rate	37200		1
	Bad debt	2000		½
	Discount allowed	8405		1
	Selling and distribution expense	20000		1
	Depreciation expense	5000		½
	Administrative expense	10900		½
		<u>638205</u>		½
	Net loss		<u>499805</u>	
				(10)

QUESTION 8**Marks**

(b)

Steve

(ii)

Statement of financial position as at 30 April 2023

	\$	\$	
Non-current assets			
Office equipment, net		110750	1½
Current assets			
Trade receivables	85400		½
Prepaid expense	600		1
Bank	20000		½
Cash	33500	139500	½
Total assets		<u>250250</u>	
Capital			
Balance, 1 March 2023 (bal. fig.)		740255	1½
Add: Net Loss		499805	3½
Less: Drawing		25000	½
		<u>250250</u>	
Current liabilities			
Trade payables	34000		½
Accrued expenses	800	34800	1
Total capital and liabilities		<u>250250</u>	
			<u>(10)</u>
			<u>20 marks</u>