

Q1

statement to calculate the cost of the machinery

Purchase cost (450,000 x 90%)	405000	1
insurance fee for transportation cost	5000	0.5
installation fee	10000	0.5
control panel	<u>27000</u>	0.5
	<u><u>447000</u></u>	1.5

accumulated depreciation

		\$		\$	
0.5	disposal	63325	balance b/d	40975	0.5
0.5	balance b/d	15000	(447,000 x 10% x 11/12)		
			depreciation	22350	0.5
			(447,000 x 10% x 6/12)		
			depreciation	15000	0.5
			(600,000 x 10% x 3/12)		
		<u><u>78325</u></u>		<u><u>78325</u></u>	

disposal

0.5	machinery	447000	accumulated depreciation	15000	0.5
			machinery	60000	0.5
			accrued insurance revenue	153470	0.5
			loss on disposal	<u>218530</u>	0.5
		<u><u>447000</u></u>		<u><u>447000</u></u>	0.5

Q2

allowance for doubtful accounts					
		\$		\$	
0.5	trade receivables	24000	balance b/d	30000	0.5
0.5	trade receivables	20500	bad debts	59590	1
2.5	balance b/d	45090			
		<u>89590</u>		<u>89590</u>	

trade receivables turnover ratio
$$2000000 / (400000 + 600000 - 24000 - 20500) * 2$$
$$= 4.18629 \text{ times} \quad 2$$

As the ratio is lower than the industrial ratio, it is suggested that the efficiency is lower than the average industry. 2

Yes, according to the going concern concept, the company continue its operation in foreseeable future, it is appropriate as it accurately reflect the financial status. 3

statement to compute the value of inventory as at 30th June 2024

	\$	
inventory as at 7 Jul 2024	169950	1
Add:		
Stolen goods	12500	1
Sales (75000/1.25)	60000	0.5
Returns outwards	1800	1
drawings	8400	1
goods on a sales or return basis(12500/1.25*0.5)	5000	1
	<u>87700</u>	
Less:		
Purchases	45000	0.5
Returns inwards(3000/1.25)	2400	1
inventory overcasted(1200*0.25)	300	1
	<u>47700</u>	
	<u><u>209950</u></u>	1

Q4

income statement for the year ended 31 Dec 2024

	\$	
Sales	180000	0.5
Less: cost of goods sold		
Direct materials	40000	0.5
Direct labour	40000	1
Variable production overheads	40000	1
Fixed production overheads	<u>80000</u>	1
	200000	
Less: Over absorbed fixed production overheads	<u>10000</u>	1
	190000	
Less: closing inventory	<u>25000</u>	1
Gross profit	165000	
	15000	
Fixed non-manufacturing overhead	70000	0.5
Variable manufacturing overhead	<u>40000</u>	0.5
Net profit	110000	
	<u>-95000</u>	1

The statement format is not suitable for to disclose to the public

Q5

		cash at bank				
		\$		\$		
0.5	suspense	200		balance b/d	10000	0.5
0.5	dividend income	12000		management fee	3456	0.5
1.5	Balance c.d	22432		overdraft interest	156	0.5
				QuantumByte Ltd	20000	0.5
				time deposit	1000	0.5
				interest income	20	0.5
		<u>34632</u>		<u>34632</u>		

bank reconciliation statement as at 31 Jan 2024

Updated cash book balance	22432	0.5
Add:		
Unpresented cheque	<u>9000</u>	0.5
	31432	
Less:		
Uncredited cheque	3500	0.5
Cancellation of direct payment	7300	1
bank error	1 <u>10801</u>	1
Balance as per bank statement	<u>20631</u>	1

Q6

		revaluation				
		\$		\$		
0.5	allowance for doubtful accounts	1500		inventory	20000	0.5
	Capital			equipment	25000	0.5
0.5	Xavian	32625				
0.5	Yvonne	10875				
		<u>43500</u>				
		<u>45000</u>			<u>45000</u>	

Statement of financial position as at 1 Jan 2025

	\$	\$	\$	
Non-current assets				
Equipment			275000	1
Current assets				
Inventory		110000		1
Trade receivables	150000			1
Less: allowance for doubtful accounts	7500	142500		1
Bank		<u>332500</u>		1.5
		585000		
Less current liabilities				
Trade Payables		<u>310000</u>	275000	1
		<u>550000</u>		
Capital				
Yvonne		125000		1
Zachery		375000	500000	1
Current				
Yvonne		<u>50000</u>		1
		<u>550000</u>		

Q7

the contribution margin
 $240000 - 30 \times 1200 - 40 \times 1200 - 15 \times 1200 - 5 \times 1200$ 3
= 132000

The breakeven point
 $(61000 + 62500 + 99000 - 15 \times 1200 - 5 \times 1200) / (132000 / 1200)$ 2
= 360909.1

incremental cost and profit

add:

monthly rent 5200 1

less: compensation 20000 1

-14800

It should sell Product Y 1

impact on staff morale and public image:

Firing the salesman (even with compensation) may harm employee morale, 2
reduce motivation among remaining staff, and risk negative publicity or
damage to customer relationships if the salesman

Q8a

		The journal		
Date	detail	Dr	Cr	
		\$	\$	
(i)	Retained earnings - Purchases	4,200		0.5
	Suspense		4,200	0.5
	Suspense	5,700		0.5
	Retained earnings - Sales		5,700	0.5
(ii)	Trade receivables	1,100		0.5
	Retained earnings - Discount allowed		1,100	0.5
	Trade payables	1,100		0.5
	Retained earnings - Discount received		1,100	0.5
(iii)	Retained earnings - opening inventory	88,200		0.5
	Suspense		88,200	0.5
	(98,000 - 9,800)			
	Retained earnings - closing inventory	1,350,000		0.5
	closing inventory		1,350,000	0.5
	(1,500,000 - 150,000)			
(iv)	Accumulated depreciation - Motor vehicles	20,000		1
	Retained earnings - Insurance revenue	240,000		1
	Retained earnings - lost on disposal	140,000		1
	Motor vehicles		400,000	0.5
(v)	Share Application account	500,000		0.5
	Ordinary Share Capital		400,000	0.5
	Bank		100,000	0.5
(vi)	Retained earnings - interest expenses	35,000		0.5
	Accrued expenses		35,000	0.5
	(2,000,000 x 7% x 3/12)			

Q8b

	\$	\$
Bank	4,400,000	
1 Trade receivables	1,496,000	
Inventory	150,000	
Property, plant, Equipment		
0.5 -Cost	6,310,000	
0.5 -Accumulated depreciation		880,000
Motor vehicles		
-Cost	400,000	
-Accumulated depreciation		40,000
0.5 Trade payables		1,098,900
7% Debenture		2,000,000
Ordinary Share Capital		6,400,000
Retained earnings		2,302,100
0.5 Accrued expenses		35,000
	<u>12,756,000</u>	<u>12,756,000</u>

Q9a

income statement for the year ended 31 Dec 2024

	\$	\$	\$	
Sales			353800	0.5
Less: cost of goods sold				
Opening inventory		59000		0.5
Purchases		<u>320000</u>		0.5
		379000		
Less: Returns outwards		<u>2500</u>		0.5
		376500		
Less: Closing inventory		<u>85000</u>		0.5
		291500		
Less: inventory loss		<u>8460</u>	283040	1
Gross profit			70760	1
Add: other revenue				
Discount received			<u>9000</u>	0.5
			79760	
Less: expenses				
Inventory loss		5076		1
Administrative expenses		92800		1
Depreication: motor vehicles		318600		3
Loss on disposal		36800	<u>453276</u>	1
Net loss			<u><u>-373516</u></u>	

Q9b

Statement of financial position as at 31 Dec 2024

	\$	\$	\$	
Non-current assets				
Motor vehicles, net			479600	3
Current assets				
Inventory		85000		0.5
Trade receivables		64600		0.5
Bank		<u>100000</u>		0.5
		249600		
Current liabilities				
Trade payables	83400			0.5
Accrued administrative expenses	18500			1
Other payables	199000	<u>300900</u>		0.5
Net current liabilities			<u>-51300</u>	
			<u>428300</u>	
Capital				
balance as at 1 Jan 2024			801816	3
Net loss			<u>-373516</u>	0.5
			<u>428300</u>	