



Hong Kong Institute of
Accredited Accounting Technicians
香港財務會計協會

New Senior Secondary Applied Learning Course

Assessment Tasks Pilot Paper

Practical Accounting for Small and Medium Enterprises

Questions & Answers Booklet

The Suggested Answers are given to provide information for reference purpose.

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New Senior Secondary Applied Learning Course

On-going Assessment Pilot Paper

Practical Accounting for Small and Medium Enterprises

Components of On-going Assessment		
Assessment Tasks	Year 1 Marks (%)	Year 2 Marks (%)
1 Project I	5%	
2 Assignment	5%	
3 Intra-class competition on accounting software	5%	
4 Test I	5%	
6 Reflective journal		5%
7 Project II		20%
8 Test II		5%
	20%	30%

Assessment Task 1

Project I (5%)

(1) Introduction

The objective of the project is to strengthen students' understanding of the general business environment in Hong Kong and the basic principles, concepts and techniques in financial accounting and cost accounting through setting up and operating small and medium-sized enterprises.

(2) The Project

The project is to be carried out on a team basis (the same team should continue in Project II), ranging from 4 to 5 students, to prepare and submit a project plan and deliver an oral presentation in class regarding the establishment of a new company in Hong Kong.

Students could choose any businesses in Hong Kong for their project. Examples of Hong Kong business are as follows:

1. Bakery	2. Bookstore	3. Coffee Shop	4. Comic Bookstore
5. Dessert Shop	6. Fast Food Shop	7. Flower Shop	8. Fruit Shop
9. Ice-cream Shop	10. Juice Shop	11. Laundry	12. Pet Shop
13. Restaurant	14. Stationery Store	15. Tourist Agency	16. Toys Shop

1. The Project Plan

The project plan should at least contain the following information:

- i. Company name and address;
- ii. Industry and nature of business;
- iii. Company mission;
- iv. Form of business ownership;
- v. Number of partners or shareholders;
- vi. Budget and details of non-current assets to be acquired;
- vii. Amounts of initial capital required; and
- viii. Reasons for investors or owners to support the new business.

When considering the above items, students should make special references to the real business environment in Hong Kong; and carry out simple research, data collection and/or authentic situation evaluation to support their ideas in the project plan. All information in the Project Plan should be kept properly for continuation of work in Project II.

Word-limit for the project plan is between 500 and 700 words. The project plan should be typewritten or word-processed. Please make sure that the project plan is submitted on or before the deadline set by course deliverers. Project plan submitted after the deadline will be penalized.

2. Oral Presentation

Each team member is required to deliver an oral presentation to introduce and/or elaborate the team's ideas and reasons for establishing the new company under the project plan.

(3) The Project Schedule

	<u>Activities</u>	<u>Suggested due dates*</u>
1	Attend briefing	End of Sep
2	Form project team	Mid of Oct
3	Presentation and submission of Project Plan	Mid of Nov #

* Subject to changes by course deliverers.

Submission date should be in the lesson after the 5th module of the Syllabus.

(4) The Assessment

The assessment criteria are as follows:

	Individual	Group	Total
<i>Project I</i>			
<u>Project Plan</u>	—	3%	3%
(a) Structure of report			
(b) Collection of relevant data			
(c) Level of study			
(d) Relevancy and accuracy of data			
<u>Oral Presentation</u>	2%	—	2%
(a) Organisation			
(b) Expression of ideas and elaboration			
(c) Delivery techniques			
(d) Cooperation			
	2%	3%	5%

[END OF PROJECT I]

Assessment Task 2

Assignment (5%)

INSTRUCTIONS:

1. You are required to set up a new company in the MYOB accounting software to record the business transactions of the company shown below.
2. You should back up your data from time to time to avoid any unexpected loss of data.
3. You are required to submit both hard and soft copies of the reports required by the assignment.
4. The time allowed for this assignment is 3 hours (including printing time).
5. You should use your student name as the name of the company for printout identification.

Your company is a company trading in a single product, and its business address is Room 1008, Tin On Tower, Nathan Road, Kowloon. The sole proprietor of your company has decided to use the MYOB Accounting Software to replace the existing manual accounting system starting from 1 March 2010. The financial year of your company ends on 31 March annually.

You are the Assistant Accountant of the company and has been assigned to be in charge of the changeover. As advised by the sole proprietor, you should create the company's chart of account by modifying the default chart of accounts named "sole proprietorship" under the "Other" industry of MYOB. The trial balance of the company as at 28 February 2010 is as follows:

Trial Balance as at 28 February 2010

<u>Account Name</u>	Dr HK\$	Cr HK\$
Capital, 1 April 2009		2,710,310
Motor van – cost	400,000	
Office equipment – cost	500,000	
Motor van – accumulated depreciation		120,000
Office equipment – accumulated depreciation		100,000
Sales		2,023,060
Purchases	947,500	
Returns inwards	24,000	
Returns outwards		18,000
Carriage inwards	7,000	
Carriage outwards	6,020	
Rent and rates	1,200,000	
Salaries and wages	978,000	
Electricity	54,000	
Insurance	26,700	
Accounts receivable (AR)	450,330	
Accounts payable (AP)		329,670

Account Name	Dr HK\$	Cr HK\$
Drawings	50,000	
Discounts allowed	34,660	
Discounts received		57,800
Cash in bank	550,000	
Cash in hand	60,000	
Sundry expenses	24,670	
Provision for impairment loss on AR		4,040
Inventory, 1 April 2009	50,000	
	<u>5,362,880</u>	<u>5,362,880</u>

The following balances are shown in the sales ledger and purchases ledger respectively:

Sales ledger balances as at 28 February 2010

Customer no.	Customer name	Invoice no.	Invoice date	Credit terms	Amount (\$)
C001	Mainland Co	2821	4 Jan 2010	net 30	20,330
C002	South China Co	2832	25 Jan 2010	net 60	50,000
C003	Eastern Co	2834	12 Feb 2010	5/30, net 60	112,000
C004	Hong Kong Co	2840	26 Feb 2010	5/30, net 60	92,000
C005	Kowloon Co	2844	27 Feb 2010	5/30, net 60	46,000
C006	NT Co	2846	27 Feb 2010	5/30, net 60	130,000
				Total	<u>450,330</u>

Purchases ledger balances as at 28 February 2010

Supplier no.	Supplier name	Invoice no.	Invoice date	Credit terms	Amount (\$)
S001	Space Co	SA1298	18 Jan 2010	net 30	19,670
S002	Overseas Co	AA3713	30 Jan 2010	2/30, net 60	87,000
S003	Europe Co	EU2145	26 Feb 2010	2/30, net 60	123,000
S004	Milky Way Co	IN5781	27 Feb 2010	5/30, net 60	46,000
S005	Orbit Co	NA1234	27 Feb 2010	5/30, net 60	54,000
				Total	<u>329,670</u>

Enter the following transactions for your company for the month of March 2010:

1 Mar Credit sales to:

- (1) NT Co \$350,000; sales invoice no. 2852
- (2) Hong Kong Co \$790,000; sales invoice no. 2853
- (3) Kowloon Co \$580,000; sales invoice no. 2854
- (4) Eastern Co \$621,280; sales invoice no. 2855

6 Mar Credit purchases from:

- (1) Orbit Co \$198,000; purchase invoice no. NA1268
- (2) Europe Co \$154,000; purchase invoice no. EU2197
- (3) Overseas Co \$236,000; purchase invoice no. AA3888

- 8 Mar Received return from Eastern Co for defective goods amounting to \$11,280 as per invoice no. 2855. A credit note number CN4768 was issued for the return.
- 20 Mar Received payments from:
(1) Eastern Co for sales invoice no. 2855; cheque no. 106223
(2) Hong Kong Co for sales invoice no. 2853; cheque no. 222331
(3) Kowloon Co for sales invoices no. 2844 and 2854; cheque no. 631214
- 23 Mar Paid the following suppliers:
(1) Space Co for purchase invoice no. SA1298; cheque no. 101222
(2) Europe Co for purchase invoice no. EU2197; cheque no. 101223
(3) Orbit Co for purchase invoice no. NA1234; cheque no. 101224
- 25 Mar Paid the following expenses:
(1) Rates \$2,348; in cash
(2) Electricity \$58,070; cheque no. 101225
(3) Insurance \$120,000; cheque no. 101226
(4) Entertainment \$4,680; in cash
- 27 Mar Credit sales to new customers:
(1) Success Co \$162,000; sales invoice no. 2856
(2) Bright Co \$50,000; sales invoice no. 2857
- 29 Mar Credit purchases from new suppliers:
(1) Gateway Co \$77,880; purchase invoice no. GW213
(2) Kyle Co \$110,000; purchase invoice no. KY5456
- 30 Mar Returned damaged goods of \$16,000 to Gateway Co as per invoice no. CW213. A debit note number DN4877 was issued for the return.
- 31 Mar Received cash from cash sales \$3,000; invoice no. 2858. The amount was banked-in on the same day.

Additional information of new customers:

- (1) Success Co
Customer no.: C007
Address: 701 Cane Road, Hong Kong
Telephone: 2553-2553
Contact person: Manager, Ms Mary Lok
Credit terms: 5/30, net 60 days
- (2) Bright Co
Customer no.: C008
Address: 288 Nathan Road, Kowloon
Telephone: 2350-2350
Contact person: Manager, Mr Peter Chu
Credit terms: Net 30 days

Additional information of new suppliers:

- (1) Gateway Co
Supplier no.: S006
Address: 123 Castle Peak Road, Kowloon
Telephone: 2628-2628
Contact person: Manager, Mr Ken Or
Credit terms: Net 60 days
- (2) Kyle Co
Supplier no.: S007
Address: 201 King's Road, Hong Kong
Telephone: 2555-2555
Contact person: Manager, Ms Cindy Ho
Credit terms: Net 30 days

REQUIRED:

Prepare the following reports for the company:

1. Account list (detail) report as at 31 March 2010 including inactive accounts. (20 marks)
2. Cash disbursements journal for March 2010. (14 marks)
3. Cash receipts journal for March 2010. (8 marks)
4. Sales and receivables journal for March 2010. (20 marks)
5. Purchases and payables journal for March 2010. (16 marks)
6. Address list of all customers and suppliers. (4 marks)
7. The accounts receivable aging details as at 31 March 2010. Accounts balances should be broken down into 0 – 30 days, 31 – 60 days and 61 – 90 days. Calculate the number of days since the invoice date. (15 marks)
8. Debit note of number DN4877. (3 marks)

(Total: 100 marks)

[END OF ASSIGNMENT]

Assessment Task 3

Intra-class competition on accounting software (5%)

INSTRUCTIONS:

1. You have 2 hours to complete the Competition. Answer ALL questions in the paper.
2. You are required to set up a new company using the MYOB accounting software to record all the business transactions of the company shown below.
3. You should back up your data from time to time to avoid any unexpected loss of data during the Competition.
4. You are required to submit hard copies of the reports as required by the competition.
5. You should inform your lecturer if you encounter any problems or technical difficulties during the Competition.
6. You should use your student name as the name of the company for printout identification.
7. Round up all figures to whole numbers.
8. Student who completed the questions with the fastest speed and the most accurate answers will win the Competition.
9. The assessment of the Competition is based on the following two aspects:
 - (1) Accuracy of answers – 90%
 - (2) Speed of completion – 10%Marks will be awarded to students who are able to complete before the time limit (2 hours). For every 1 minute faster than the time limit, 0.5 marks will be awarded. A maximum of 10 marks will be awarded for the speed component.

You are employed as an accounts clerk by an unlimited company incorporated in Hong Kong. Your company has decided to purchase the MYOB Accounting System (MYOB) to replace its existing manual accounting system starting from 1 December 2009. The financial year of your company ends on 31 December annually.

It is the first time you set up a new company in the MYOB. The accounting manager instructed you to use the default chart of accounts of "Other" industry and "Retail" business to modify names of accounts as per the appendix. The accounts to be modified or used are underlined by the accounting manager for your easy reference.

The accounting manager has also reminded you to check the "Linked Accounts" in the set up of the MYOB to see whether they are probably linked. If necessary, you should amend them accordingly.

The following is the company's trial balance as at 30 November 2009:

Trial balance as at 30 November 2009

<u>Account name</u>	Dr \$	Cr \$
Capital, 1 January 2009		343,740
Motor vehicles at cost	104,000	
Accumulated depreciation: MV		83,200
Fixtures and fittings at cost	129,500	
Accumulated depreciation: F & F		97,125
Accounts receivable	236,000	
Accounts payable		98,250
Cash at bank	209,960	
Provision for impairment loss on AR		8,870
Inventory	94,360	
Investments	134,730	
Loan from M Bank		300,000
Purchases	784,930	
Sales		1,239,960
Insurance	12,500	
Returns inwards	16,290	
Returns outwards		18,340
Carriage inwards	7,200	
Carriage outwards	6,800	
Bad debts	6,560	
Discounts allowed	4,920	
Discounts received		3,960
Dividends received		3,100
Wages and salaries	159,480	
Motor expenses	13,750	
Miscellaneous expenses	7,480	
Rates	5,960	
Electricity	10,280	
Advertising	7,640	
Office expenses	71,500	
Water	340	
Bank charges	1,115	
Loan interest	41,250	
Rent	130,000	
	2,196,545	2,196,545

The following balances are shown in the sales ledger and the purchases ledger respectively on 30 November 2009:

Sales ledger balances as at 30 November 2009

Customer no.	Customer Name	Invoice no.	Invoice date	Credit terms	Amount (\$)
D0068	Option Co	012689	15 May 2009	Net 60 days	18,500
D0102	H & K Co	025697	21 Sep 2009	Net 60 days	6,580
D0005	Bung Supplies	025723	30 Oct 2009	Net 60 days	55,000
D0031	Prime Co	025745	13 Nov 2009	5/30, net 60	8,800
D0103	Sheung Yue	025762	18 Nov 2009	5/30, net 60	21,500
D0094	Martial Co	025794	18 Nov 2009	Net 60 days	72,700
D0055	Kama Co	025812	21 Nov 2009	5/30, net 60	8,900
D0107	Appolo Co	025833	23 Nov 2009	5/30, net 60	10,800
D0032	Bubble Co	025846	25 Nov 2009	5/30, net 60	15,040
D0063	Mount Co	025848	28 Nov 2009	5/30, net 60	6,580
D0086	Conrad Co	025849	28 Nov 2009	5/30, net 60	8,400
D0098	Kingston Co	025856	30 Nov 2009	5/30, net 60	<u>3,200</u>
				Total	<u>236,000</u>

Purchases ledger balances as at 30 November 2009

Supplier no.	Supplier name	Purchase no.	Invoice date	Credit terms	Amount (\$)
C0210	Comfort Store	011550	24 Oct 2009	5/30, net 60	6,500
C0222	Jumbo Co	011551	24 Oct 2009	5/30, net 60	6,070
C0213	Delta Co	011552	24 Oct 2009	5/30, net 60	10,000
C0207	Accord Co	011553	25 Nov 2009	5/30, net 60	2,800
C0255	L & D Co	011554	25 Nov 2009	5/30, net 60	4,500
C0202	Vincent Co	011555	25 Nov 2009	5/30, net 60	6,000
C0276	Tak Shing Co	011556	25 Nov 2009	5/30, net 60	9,800
C0228	Brad Co	011557	25 Nov 2009	5/30, net 60	16,000
C0257	Myer Co	011558	25 Nov 2009	5/30, net 60	15,730
C0245	Fook Loy Co	011559	28 Nov 2009	5/30, net 60	15,000
C0229	Sylvania Co	011560	28 Nov 2009	5/30, net 60	<u>5,850</u>
				Total	<u>98,250</u>

Enter the following transactions for your company for the month of December 2009.

- 1 December Credit sales to:
- (1) Conrad Co \$28,800; sales invoice no. 025861
 - (2) Mount Co \$12,700; sales invoice no. 025862
 - (3) Prime Co \$8,000; sales invoice no. 025863
- 5 December Credit purchases from:
- (1) Accord Co \$4,600; purchase no. 011561
 - (2) Delta Co \$6,900; purchase no. 011562
- 7 December Credit sales to:
- (1) Appolo Co \$23,000; sales invoice no. 025864
 - (2) Kingston Co \$10,000; sales invoice no. 025865
- 8 December Received credit note from Accord Co for the return of damaged goods amounting to \$200; invoice no. 011561
- 9 December Partial repayment of loan to M Bank \$55,000; cheque no. 045136
- 10 December Received return of damaged goods from Kingston Co for the amount of \$800; invoice no. 025865. A credit note (Ref CN05001) was issued for the return.
- 12 December Credit sales to a new customer:
- Star Co \$16,500; sales invoice no. 025866
- 14 December Credit purchase from a new supplier:
- New Century \$9,000; purchase no. 011563
- 16 December Received payments from:
- (1) Sheung Yue for sales invoice no. 025762; cheque no. 079424
 - (2) Conrad Co for sales invoices no. 025849 & 025861; cheque no. 068742
 - (3) Kingston Co for sales invoice no. 025856; cheque no. 015987
 - (4) Bung Supplies for sales invoice no. 025723; cheque no. 023435
- Discounts have been given to customers for payments made according to the credit terms.
- 18 December Payment to the following supplier:
- New Century for purchase no. 011563; cheque no. 045137
- Discount has been received from the supplier for payment made according to the credit terms.

- 19 December Received payments from:
- (1) Appolo Co for sales invoice no. 025833; cheque no. 056985
 - (2) Bubble Co for sales invoice no. 025846; cheque no. 036999
- Discounts have been given to customers for payments made according to the credit terms.
- 21 December Paid the following suppliers:
- (1) Accord Co for purchase no. 011553; cheque no. 045138
 - (2) L & D Co for purchase no. 011554; cheque no. 045139
 - (3) Vincent Co for purchase no. 011555; cheque no. 045140
- Discounts have been received from the suppliers for payments made according to the credit terms.
- 22 December Received cheque from cash sales \$2,800 (cheque no. 056980) for invoice no. 025867.
- 28 December Payments for the following expenses through the business bank account:
- (1) Power Motors for motor vehicle maintenance \$3,200; cheque no. 045141
 - (2) Leader News for advertisement \$700; cheque no. 045142
 - (3) Cheung Tai for miscellaneous expenses \$1,280; cheque no. 045143
 - (4) Universal Logistics for delivery to customers \$7,040; cheque no. 045144

Additional information of the new customer:

Star Co: Customer no.: D0281
 Address: 82 Jordan Road, Kowloon
 Telephone: 2345 2345
 Contact person: Manager, Mr David Wong
 Credit terms : 5/30, net 60 days

Additional information of the new supplier:

New Century: Supplier no.: C0277
 Address: 108 Nathan Road, Kowloon
 Telephone: 2676 2678
 Contact person: Accounts Manager, Ms Nancy Tsang
 Credit terms: 10/7, net 30 days

Additional information:

- (1) The Company has adopted the periodic inventory system. The inventory as at 31 December 2009 was \$103,550.
- (2) It is decided to write off the outstanding balance of debts owed by the following accounts receivable as bad debts:
 - (i) Option Co
 - (ii) H & K Co
- (3) There is a loan of \$240,000 borrowed from B Bank on 5 December 2009 which is to be repaid in one year. However, no record has been made in respect of this.
- (4) The provision for impairment loss on AR is estimated to be \$8,800 at the year end.
- (5) Depreciation is to be provided at 15% per annum on furniture and fixtures using the straight-line method and at 30% per annum on motor vehicles basing on the reducing balance method. Depreciation is to be provided on assets still owned at the end of the financial period on a monthly basis.
- (6) The bank statement for the month of December 2009 was received on 3 January 2010:

Bank statement as at 31 December 2009

<u>Date</u>		<u>Dr</u>	<u>Cr</u>	<u>Balance</u>
2009		\$	\$	\$
December	1			209,960 Cr
	5		240,000	449,960 Cr
	14		4,840	454,800 Cr
	15	55,000		399,800 Cr
	16		20,425	420,225 Cr
	16		35,340	455,565 Cr
	16		3,040	458,605 Cr
	16		55,000	513,605 Cr
	17	3,250		510,355 Cr
	18	125		510,230 Cr
	21		8,455	518,685 Cr
	21		10,260	528,945 Cr
	21		14,288	543,233 Cr
	21	120		543,113 Cr
	22		2,800	543,913 Cr
	23	4,275		541,638 Cr
	24	2,660		538,978 Cr
	28	1,780		537,198 Cr
	28	700		536,498 Cr
	31		19,560	556,058 Cr

REQUIRED:

Prepare the following statements/reports:

1. The trial balance (Summary) as at 31 December 2009. (41 marks)
 2. The statement of comprehensive income for the year ended 31 December 2009 (Exclude accounts with zero balance). (4 marks)
 3. The statement of financial position as at 31 December 2009. (6 marks)
 4. The accounts receivable aging detail report as at 31 December 2009. Account balances should be broken down into 0-30 days, 31-60 days and 61-90 days. Calculate the number of days since the invoice date. (12 marks)
 5. The bank reconciliation report for the month of December 2009. (11 marks)
 6. The company's cash at bank account report from the detailed trial balance showing details of all transactions for the month of December 2009. (16 marks)
 7. The accounts list (detail) report as at 31 December 2009, including inactive accounts. (10 marks)
- (Total: 100 marks)

[END OF COMPETITION]

APPENDIX

Assessment Task 3 - Competition Accounts List [Detail] As of 1/12/2010						
Account #	Account	Type	Dr/Cr	Header/Detail	Level	Balance
1-0000	Assets	Asset	Debit	Header	1	HK\$0.00
1-1000	Fixed Assets	Asset	Debit	Header	2	HK\$0.00
1-1100	Fixtures & Fittings	Asset	Debit	Header	3	HK\$0.00
1-1110	Fixtures & fittings at cost	Fixed Asset	Debit	Detail	4	HK\$0.00
1-1120	Accumulated depreciation: F&F	Fixed Asset	Debit	Detail	4	HK\$0.00
1-1200	Motor Vehicles	Asset	Debit	Header	3	HK\$0.00
1-1210	Motor vehicles at cost	Fixed Asset	Debit	Detail	4	HK\$0.00
1-1220	Accumulated depreciation: MV	Fixed Asset	Debit	Detail	4	HK\$0.00
1-2000	Current Assets	Asset	Debit	Header	2	HK\$0.00
1-2100	Cash On Hand	Asset	Debit	Header	3	HK\$0.00
1-2110	Cash at bank	Bank	Debit	Detail	4	HK\$0.00
1-2120	Payroll Cheque Account	Bank	Debit	Detail	4	HK\$0.00
1-2130	Cash Drawer	Bank	Debit	Detail	4	HK\$0.00
1-2140	Petty Cash	Bank	Debit	Detail	4	HK\$0.00
1-2160	Undeposited Funds	Bank	Debit	Detail	4	HK\$0.00
1-2170	Electronic Clearing Account	Bank	Debit	Detail	4	HK\$0.00
1-2200	Accounts receivable	Accounts Receivable	Debit	Detail	3	HK\$0.00
1-2210	Prov for impairment loss on AR	Other Asset	Debit	Detail	3	HK\$0.00
1-2300	Inventory	Other Asset	Debit	Detail	3	HK\$0.00
1-3000	Other Assets	Asset	Debit	Header	2	HK\$0.00
1-3100	Deposits Paid	Other Asset	Debit	Detail	3	HK\$0.00
1-3200	Prepayments	Other Asset	Debit	Detail	3	HK\$0.00
1-3300	Investments	Other Asset	Debit	Detail	3	HK\$0.00
2-0000	Liabilities	Liability	Credit	Header	1	HK\$0.00
2-1000	Long-Term Liabilities	Liability	Credit	Header	2	HK\$0.00
2-1100	Loan from M Bank	Other Liability	Credit	Detail	3	HK\$0.00
2-1200	Other Long-Term Liabilities	Other Liability	Credit	Detail	3	HK\$0.00
2-2000	Current Liabilities	Liability	Credit	Header	2	HK\$0.00
2-2100	Credit Cards	Liability	Credit	Header	3	HK\$0.00
2-2110	Bankcard	Credit Card	Credit	Detail	4	HK\$0.00
2-2120	Diners Club	Credit Card	Credit	Detail	4	HK\$0.00
2-2130	MasterCard	Credit Card	Credit	Detail	4	HK\$0.00
2-2140	Visa	Credit Card	Credit	Detail	4	HK\$0.00
2-2200	Accounts payable	Accounts Payable	Credit	Detail	3	HK\$0.00
2-2210	A/P Accrual - Inventory	Other Liability	Credit	Detail	3	HK\$0.00
2-2350	Sales Tax Payable	Other Liability	Credit	Detail	3	HK\$0.00
2-2360	Import Duty Payable	Other Liability	Credit	Detail	3	HK\$0.00
2-2400	Payroll Liabilities	Liability	Credit	Header	3	HK\$0.00
2-2410	Payroll Deductions Payable	Other Liability	Credit	Detail	4	HK\$0.00
2-2415	Payroll Salary Payable	Other Liability	Credit	Detail	4	HK\$0.00
2-2420	PAYE Tax Payable	Other Liability	Credit	Detail	3	HK\$0.00
2-2600	Customer Deposits	Other Liability	Credit	Detail	3	HK\$0.00
2-2700	Other payables -loan fr B bank	Other Liability	Credit	Detail	3	HK\$0.00
3-0000	Capital	Equity	Credit	Header	1	HK\$0.00
3-1000	Capital	Equity	Credit	Header	2	HK\$0.00
3-1100	Capital	Equity	Credit	Detail	3	HK\$0.00
3-1200	Owner's Drawings	Equity	Credit	Detail	3	HK\$0.00
3-8000	Retained profits	Equity	Credit	Detail	2	HK\$0.00
3-9000	Current Year Earnings	Equity	Credit	Detail	2	HK\$0.00
3-9999	Historical Balancing	Equity	Credit	Detail	2	HK\$0.00

6-0000	Expenses	Expense	Debit	Header	1	HK\$0.00
6-0040	Accounting Fees	Expense	Debit	Detail	2	HK\$0.00
6-1000	Advertising	Expense	Debit	Detail	2	HK\$0.00
6-1050	Bank Charges	Expense	Debit	Detail	2	HK\$0.00
6-1051	Bad debts	Expense	Debit	Detail	2	HK\$0.00
6-1052	Carriage outwards	Expense	Debit	Detail	2	HK\$0.00
6-1100	Depreciation Expense	Expense	Debit	Detail	2	HK\$0.00
6-1200	Discounts	Expense	Debit	Header	2	HK\$0.00
6-1210	Discounts allowed	Expense	Debit	Detail	3	HK\$0.00
6-1300	Motor expenses	Expense	Debit	Detail	2	HK\$0.00
6-1400	Insurance	Expense	Debit	Detail	2	HK\$0.00
6-1500	Office expenses	Expense	Debit	Detail	2	HK\$0.00
6-1600	Legal Fees	Expense	Debit	Detail	2	HK\$0.00
6-1700	Maintenance	Expense	Debit	Detail	2	HK\$0.00
6-1800	Store Supplies	Expense	Debit	Detail	2	HK\$0.00
6-1900	Employment Expenses	Expense	Debit	Header	2	HK\$0.00
6-1910	Staff Amenities	Expense	Debit	Detail	3	HK\$0.00
6-1930	Wages & salaries	Expense	Debit	Detail	3	HK\$0.00
6-1940	Workers' Compensation	Expense	Debit	Detail	3	HK\$0.00
6-1950	Other Employer Expenses	Expense	Debit	Detail	3	HK\$0.00
6-2000	Postage & Shipping	Expense	Debit	Detail	2	HK\$0.00
6-2050	Rent	Expense	Debit	Detail	2	HK\$0.00
6-2100	Rates	Expense	Debit	Detail	2	HK\$0.00
6-2150	Miscellaneous expenses	Expense	Debit	Detail	2	HK\$0.00
6-2200	Telephone	Expense	Debit	Detail	2	HK\$0.00
6-2300	Travel & Entertainment	Expense	Debit	Detail	2	HK\$0.00
6-2400	Services	Expense	Debit	Header	2	HK\$0.00
6-2410	Gas	Expense	Debit	Detail	3	HK\$0.00
6-2420	Electricity	Expense	Debit	Detail	3	HK\$0.00
6-2430	Water	Expense	Debit	Detail	3	HK\$0.00
8-0000	Other Income	Other Income	Credit	Header	1	HK\$0.00
8-1000	Interest Income	Other Income	Credit	Detail	2	HK\$0.00
8-1100	Discounts received	Other Income	Credit	Detail	2	HK\$0.00
8-1200	Dividends received	Other Income	Credit	Detail	2	HK\$0.00
8-1300	Shipping Fees Collected	Other Income	Credit	Detail	2	HK\$0.00
8-1400	Reversal of impairment loss-AR	Other Income	Credit	Detail	2	HK\$0.00
9-0000	Other Expenses	Other Expense	Debit	Header	1	HK\$0.00
9-1000	Loan interest	Other Expense	Debit	Detail	2	HK\$0.00
9-2000	Income Tax Expense	Other Expense	Debit	Detail	2	HK\$0.00

[END OF APPENDIX]

Assessment Task 4

Test I (5%)

INSTRUCTIONS:

1. Time allowed is 1.5 hours.
 2. Answer all questions.
 3. Workings must be shown.
 4. The total marks for this paper is 50.
-

Section A – Multiple-choice questions (10 marks)

1. A business has assets of \$100,000 and liabilities of \$42,000. The amount of its equity is _____.

A \$100,000
B \$142,000
C \$0
D \$58,000
2. The matching principle provides guidance in accounting for _____.

A expenses
B assets
C liabilities
D equity
3. A building of \$120,000 has accumulated depreciation of \$50,000. The net book value of the building is _____.

A \$120,000
B \$50,000
C \$70,000
D \$170,000
4. A purchase discount results from _____.

A returning goods to the seller
B receiving a purchase allowance from the seller
C buying a large quantity of merchandise
D paying within the discount period
5. Which of the following is **NOT** an account?

A Sales
B Inventory
C Motor expense
D Net sales

6. The credit balance in provision for impairment loss on AR is \$14,300 prior to the adjusting entries at the end of the period. The aging of accounts receivable indicates that a provision of \$78,900 is needed. The amount of impairment loss on AR to be charged to the statement of comprehensive income in the year is _____.
- A \$14,300
 - B \$64,600
 - C \$78,900
 - D \$93,200
7. The double entry of a transaction must have _____.
- A debit and credit
 - B asset and liability
 - C revenue and expense
 - D journal and ledger
8. _____ method of depreciation allocates an equal amount of depreciation to all years over the asset's useful life.
- A Units of production
 - B Reducing balancing
 - C Straight-line
 - D None of the above
9. A bank reconciliation statement is _____.
- A a formal financial statement that lists out all the balances of a firm's bank accounts
 - B a merger of two banks that previously were competitors
 - C a monthly statement sent out by a bank to a depositor showing all cheques deposited, cheques paid, and other credits and charges to the depositor's account for the month
 - D a schedule that accounts for the difference between a firm's cash balance as shown on its bank statement and the balance as shown in its general ledger Cash account
10. If a sale of \$1,000 is made on credit terms of 3/10, net 60, the amount of cash discount allowed for payments made by the buyer within 10 days is _____.
- A \$0
 - B \$30
 - C \$100
 - D \$600

(Total: 10 marks)

[END OF SECTION A]

Section B – Long questions (40 marks)

Question 1

The trial balance of Queenie Co as at 30 June 2010 was as follows:

	Dr	Cr
	\$'000	\$'000
Plant and machinery – cost	10,600	
Plant and machinery – accumulated depreciation		600
Motor vehicles – cost	1,900	
Motor vehicles – accumulated depreciation		500
Sales		43,700
Purchases	28,000	
Bank	4,200	
Accounts payable		700
Accounts receivable	2,000	
Capital		10,700
Inventory at 1 July 2009	1,400	
Administration expenses	2,400	
Selling expenses	4,000	
Salaries and wages	1,600	
Bank interest and charges	100	
	56,200	56,200

The following information is available:

- (1) Inventory at 30 June 2010 had a cost of \$1,280,000 and a net realisable value of \$1,136,000.
- (2) An outstanding debt of \$50,000 was uncollectible and was to be written off at the year end. The provision for impairment loss on AR was to be provided at \$39,000.
- (3) The following year-end adjustments were to be made:

	\$
Prepaid administration expenses	30,000
Accrued selling expenses	46,000
Accrued accounting fee	20,000

- (4) Bank interest and charges of \$15,000, as shown on the bank statement on 30 June 2010, had not been recorded in the books.
- (5) Depreciation for the year was to be provided as follows:

Plant and machinery	20% on reducing balance method
Motor vehicles	25% on straight-line method

REQUIRED:

- (a) Prepare the Statement of Comprehensive Income of Queenie Co for the year ended 30 June 2010. (8 marks)
- (b) Prepare the Statement of Financial Position of Queenie Co as at 30 June 2010. (8 marks)
- (c) Explain the following accounting concept/principle:
- (i) prudence (2 marks)
- (ii) consistency (2 marks)
- (Total: 20 marks)

Question 2

The cash book of Mr Chu's company showed a debit balance of cash at bank of \$186,400 at 31 December 2009.

On investigation, the following items were discovered:

- (i) A cheque for \$7,800 received from a customer had been recorded twice in the cash book.
- (ii) Overdraft interest of \$2,660 appeared in the bank statement but had not been recorded in the cash book.
- (iii) A cheque for \$8,800 payable to a landlord for December 2009 office rental, was not shown in the bank statement.
- (iv) A cheque for \$19,000 received from a customer had been entered in the cash book on 22 December 2009. It was subsequently dishonoured and returned by the bank, but this was not recorded in the cash book.
- (v) A deposit of \$36,680 had not yet been credited by the bank.
- (vi) An autopay for insurance of \$6,000 shown in the bank statement had not been entered in the cash book.
- (vii) The bank statement revealed that a customer had made a deposit of \$3,900 directly into the company's bank account.
- (viii) The bank statement showed that an amount of \$20,000 had been credited by the bank by mistake.

REQUIRED:

- (a) Prepare the cash at bank account, incorporating as appropriate any adjustments necessary to calculate the correct cash book balance at 31 December 2009. (11 marks)
 - (b) Using the correct cash book balance calculated in (a) above, prepare a bank reconciliation statement for Mr Chu as at 31 December 2009. (7 marks)
 - (c) State ONE purpose of preparing a bank reconciliation statement. (2 marks)
- (Total: 20 marks)**

[END OF TEST I]

Assessment Task 6

Reflective Journal (5%)

INSTRUCTIONS:

1. Word limit for the Reflective Journal is between 500 and 700 words.
2. The Reflective Journal should be typewritten or word-processed.
3. Please make sure that the Reflective Journal is submitted on or before the end of September 2011. Work submitted after the deadline will not be marked.

(1) Introduction

The objective of the Reflective Journal is to strengthen students' understanding on their career aspirations in the accounting profession, and apply their knowledge in the ethical issues to Hong Kong business or accounting field.

(2) The Reflective Journal

The Reflective Journal on the following aspects is to be written by individual students:

a. Career aspirations

After visiting the Hong Kong Institute of Accredited Accounting Technicians Limited and a firm of Certified Public Accountants, student should state the career paths in the accounting profession, his/her thoughts about the accounting field and his/her career aspirations with justifications.

b. Ethical issues

Student is required to state his/her views on the following issue with explanations and justifications.

"William, who is an auditor of a firm of Certified Public Accountants, is in-charge of a statutory audit of one of his clients - Tim's Company Limited. On Christmas Eve, William was invited to join a Christmas Party of Tim's Company Limited, and he won a cash prize of \$100,000 from the lucky draw in the Party. Should William receive that cash prize? Why?"

(3) The Assessment

The assessment criteria are listed as follows:

	Total
Reflective Journal – Written Report	5%
(a) Depth of knowledge	
(b) Accuracy and application of collected data	
(c) Relevance of the reflection	
(d) Presentation of work	

[END OF REFLECTIVE JOURNAL]

Assessment Task 7

Project II (20%)

(1) Introduction

The objective of the project is to strengthen students' accounting knowledge, analytical and evaluation skills, as well as their technical application skills in accounting software and spreadsheet. This project is to be carried out with the same project team members (4 to 5 students) of Project I. It is a continuation of the project plan submitted by the team in November 2010.

(2) The Project

Each project team is required to submit a business proposal and deliver an oral presentation in class to invite potential investors to invest in their company as set up in Project I.

Each team member should apply their knowledge, as they acquire gradually from the course, to the project. The team is required to perform the following activities according to the project schedule.

Project Schedule

	<u>Activities</u>	<u>Note</u>	<u>Year</u>	<u>Suggested due dates*</u>
1	Establish a new company using the MYOB accounting software (MYOB)	(a)	First year	End of Dec 2010
2	Record business transactions for the company in MYOB	(b)	First year	End of May 2011
3	Prepare first quarter end financial reports	(c)	First year	End of Aug 2011
4	Using EXCEL spreadsheet to analyse and evaluate the financial result by means of ratio analysis	(d)	Second year	Mid Oct 2011
5	Suggest ways in a business proposal to improve the company's performance	(e)	Second year	Mid Oct 2011
6	Present and submit the business proposal to invite potential investors	(f)	Second year	Mid Nov 2011 [#]

* Subject to changes by course deliverers.

[#] Submission date should be in the lesson after the 31st module of the syllabus

Guidance Notes

(a) Establish a new company in MYOB

Students have performed a simple research on what information is required for setting up a new company or business in Hong Kong in Project I. Based on the information obtained, students should now complete the following tasks.

- i. Set up a new company in MYOB based on the information requested;
- ii. Create the company's accounts list;
- iii. Create customers' records;
- iv. Create suppliers' records; and
- v. Create inventory records (if perpetual inventory system is chosen).

(b) Record business transactions for the company in MYOB

Students are required to enter business transactions into MYOB for the first quarter of the financial year. Business transactions may include, but not limit to:

- i. Acquisition of non-current assets as mentioned in Project I;
- ii. Injection of initial capital as mentioned in Project I;
- iii. Sales of goods or services;
- iv. Purchases of goods or services;
- v. Payments of expenses;
- vi. Receipts of revenue; or
- vii. Borrowing of loans.

(c) Prepare first quarter end financial reports

Having recorded the business transactions, including period end adjustments if any, students are required to generate the following financial reports for the first quarter end:

- i. Accounts list detail;
- ii. Trial balance;
- iii. Statement of comprehensive income (Profit and loss account);
- iv. Statement of financial position (Balance sheet);
- v. Aging analysis for accounts receivable; and
- vi. Bank register account.

(d) Using EXCEL spreadsheet to analyse and evaluate the financial results by means of ratio analysis

Based on the financial reports prepared in (c) above, students are required to calculate ratios, with the aid of the EXCEL spreadsheet, and to evaluate the performance and financial position of the company. Students can select real companies from the same industry for comparison. The ratio analysis should include the evaluation of the following:

- i. Company's profitability;
- ii. Company's liquidity; and
- iii. Management efficiency.

- (e) Suggest ways in a business proposal to improve the company's performance

Based on the financial reports analysis and evaluation results in (d) above, suggest ways for management's decision to improve the business performance of the company. Simple research, relevant data collection and authentic situation evaluation could be used to justify the feasibility of suggestions.

- (f) Present and submit the business proposal to invite potential investors

Oral presentation on the business proposal should be delivered by all team members with an objective to invite potential investors. The presentation will be limited to 30 minutes, including 10 minutes to answer questions from fellow students in the class.

The business proposal should be submitted after Module 31 of the syllabus, which should include at least the following information:

- i. Title page;
- ii. Introduction / Business background;
- iii. Financial statements of the Company;
- iv. Highlights of financial results from operation for the first quarter;
- v. Financial analysis and evaluation of past performance; and
- vi. Business plans and suggestions for future business operation.

(3) The Assessment

The assessment criteria are listed as follows:

	Individual	Group	Total
Project II			
<u>Business Proposal</u>	—	12%	12%
(a) Depth of knowledge			
(b) Analytical and evaluation skills			
(c) Level of study			
(d) Presentation of work			
<u>Oral Presentation</u>	8%	—	8%
(a) Organisation			
(b) Expression of ideas and elaborations			
(c) Delivery techniques			
(d) Cooperation			
	8%	12%	20%

[END OF PROJECT II]

Assessment Task 8

Test II (5%)

INSTRUCTIONS:

1. This paper consists of two sections. Section A is a hands-on computerized accounts question. Section B is a written long question. Answers for Section A should be in the form of computer printouts from a terminal printer. ALL questions are to be attempted, marks are as indicated.
 2. For Section A, students should use the EXCEL application at a computer terminal. You should key in your “Student Name” as the company name for printout identification. At the end of the test, student should hand in your printed answers.
 3. Student should back-up data from time to time to avoid any unexpected loss of data during the test.
 4. Time allowed is 2.5 hours. PRINTING TIME for the solutions of Section A is included as part of the time allowed.
 5. Workings must be shown.
 6. The total marks for this paper is 100.
-

Section A – Computerized accounts question (75 marks)

- A1.** A company is going to launch a new product – LAN5. The managing director asks you to help preparing a break-even sales analysis for January 2010 and a cash budget for the first quarter ended 31 March 2010. The company estimates that fixed costs are \$9,000,000 per month, which include \$2,000,000 depreciation expense.

REQUIRED:

[Notice: Students should use the EXCEL application at a computer terminal. At the end of the test, students should hand in their printed answers. Students should print TWO COPIES of each answer: one in VALUES and the other in FORMULAE. Make sure the formulae can be displayed properly in the printout. Otherwise, marks will not be given.]

- (a) The selling price and cost per unit of LAN5 are set in the following table. Complete the following break-even sales analysis table for LAN5 for January 2010. Details of variable costs are to be shown in A21:F25.

	A	B	C	D	E	F
1	Student Name					
2	Estimated Sales and Costs at Various Sales Level					
3	For the month ended 31 January 2010					
4	Level of sales in units					
5		Case 1	Case 2	Case 3	Case 4	Case 5
6	Sales units	0	100,000	200,000	300,000	400,000
7		\$	\$	\$	\$	\$
8	Sales	?	?	?	?	?
9						
10	Variable costs	?	?	?	?	?
11	Fixed costs	?	?	?	?	?
12	Total costs	?	?	?	?	?
13						
14		Per unit				
15	Selling price	180				
16	Direct material cost	15				
17	Direct labour cost	60				
18	Selling expenses	0.02				
19	Variable overhead	20				
20						
21	Variable costs:					
22	Direct material	?	?	?	?	?
23	Direct labour	?	?	?	?	?
24	Selling expenses	?	?	?	?	?
25	Variable overhead	?	?	?	?	?

(22 marks)

(b) Using the data in A6:F12, draw a chart to show the break-even sales units of LAN5 in January 2010. You have to:

- (i) decide the type of chart.
- (ii) give proper titles (including your student name), X-axis and Y-axis to the chart.
- (iii) show the legend clearly (Note that this is NOT a coloured chart).
- (iv) save the chart in a separate sheet.

(14 marks)

- (c) The company has surplus cash to place as a 3-month time deposit on 1 January 2010. The bank pays back \$1,000,000 on the maturity date (i.e. 31 March 2010). Interest is calculated by the bank at 8% per annum, and the interest compounds monthly. The company wants to know the amount it has to place as bank deposit on 1 January 2010.

REQUIRED: Input the data and formulae in A28:B32 as follows:

	A	B
28	Receipt at maturity:	?
29	Monthly interest rate:	?
30	Number of periods:	?
31		
32	Deposit on 1 January 2010	?

(2 marks)

- (d) The company uses the “Case 4” estimate of sales unit in January 2010 to be the starting point for projecting cash flows. The following information is used for setting up the cash budget.
- (i) A growth rate of 2% per month for sales is assumed throughout 2010.
 - (ii) On average, 60% of sales are collected from customers in the same month of sales and the remaining 40% in the following month (the December 2009 sales figure is \$36,100,000).
 - (iii) Purchases of materials are equal to 40% of sales in the following month and paid in current month. In view of excess stock as at 31 December 2009, the company will reduce its purchases by half of the normal amount in January 2010.
 - (iv) Variable costs are equal to 45% of sales and are paid in the month they are incurred.
 - (v) Fixed costs are paid in the month they are incurred.
 - (vi) Input the data from (i) to (v) in cells A62:B67

	A	B
62	Sales growth factor per month	?
63	Debts collected in the same month	?
64	Debts collected 1 month later	?
65	Purchases as a percentage of sales	?
66	Variable costs	?
67	Fixed costs	?

Cash budget is to be shown in a spreadsheet in the following format:

		B	C	D	E
35		January	February	March	April
36		\$	\$	\$	\$
37	Sales				
38					
39		Student Name			
40		Cash Budget for 1st Quarter ended 31 March 2010			
41		January	February	March	Quarter end
42	Cash receipts:				
43	3-month time deposit matured				
44	Collection from customers				
45	December sales				
46	January sales				
47	February sales				
48	March sales				
49	Total receipts				
50					
51	Cash disbursements:				
52	Purchases				
53	Variable costs				
54	Fixed costs				
55	Placed in 3-month time deposit				
56	Total disbursements				
57					
58	Cash receipts less disbursements				
59	Cash balance, opening	1,500,000			
60	Cash balance, closing				

(NAMES MUST BE USED IN FORMULAE WHEREVER APPLICABLE, OTHERWISE MARKS WILL NOT BE GIVEN.)

REQUIRED:

(i) Create names for B62:B67 as follows:

B62 Sales_Growth
B63 Same_Month
B64 Month_Later
B65 Purchases_as_a_percentage_of_sales
B66 Variable_costs
B67 Fixed_costs

(ii) Prepare the cash budget for the first quarter ended 31 March 2010.

(37 marks)

(Total: 75 marks)

[END OF SECTION A]

Section B – Long question (25 marks)

- B1.** Teampao Ltd had the following records regarding material BMX during the six months ended 31 December 2009:

Month	Purchases	Sales
July	850 @ \$5	400 @ \$8
August	--	300 @ \$9
September	600 @ \$6	--
October	--	400 @ \$10.5
November	200 @ \$7	--
December	--	200 @ \$12

REQUIRED:

- (a) Write up three columns ledger cards using each method of inventory valuation:
- (i) first-in-first-out method;
 - (ii) last-in-first-out method; and
 - (iii) weighted average method.
- (20 marks)
- (b) Calculate the gross profit for the period under each method of inventory valuation.
- (5 marks)
- (Total: 25 marks)

[END OF TEST II]

Suggested Answers

On-going Assessment Pilot Paper

**New Senior Secondary
Applied Learning Course**

**Practical Accounting for
Small and Medium Enterprises**

Assessment Task 1

Assessment Rubrics for Project I (5%)

Assessment Rubrics for Assessment Task (1): Project I – Written Report (3% of total marks)

Name:

Class:

STRN:

Course deliverer:

Descriptions			
Marks	Structure of report	Collection of relevant data	Relevancy and accuracy of data
4 (Excellent)	<ul style="list-style-type: none"> The structure of the report is exceptionally clear and easy to follow. Ideas are well-organised in paragraphs with development of ideas All requirements are clearly understood and addressed and given appropriate weighting. 	<ul style="list-style-type: none"> The study question is clearly stated and feasible. Able to decide on the most appropriate sources of data from the range that are available The rationale and method of data collection are clearly stated. The design of study is exceptionally clear, relevant and directly addresses the question of the report. 	<ul style="list-style-type: none"> Content / information is completely accurate and appropriate. No misconception/ irrelevant information has been observed. All viewpoints are fully supported by adequate and appropriate evidence/information. Appropriate figures / graphs / charts / tables have been employed to present ideas.
3 (Good)	<ul style="list-style-type: none"> The structure of report is clear and easy to follow. Ideas are organised with some development of ideas. Most requirements are clearly understood and addressed and given appropriate weighting. 	<ul style="list-style-type: none"> The study question is generally clear. Able to decide on the most appropriate sources of data from the range that are available. The rationale and method of data collection are stated. The design of the study is generally clear, relevant and related to the question of the report. 	<ul style="list-style-type: none"> Content/ information is used accurately and appropriately. Misconceptions / irrelevant information is rarely observed without affecting the overall clarity. Viewpoints are mostly supported with appropriate evidence / information. Figures / graphs / charts / tables have been employed to present ideas.
2 (Fair)	<ul style="list-style-type: none"> The structure of the report is generally clear and is able to follow. Attempts have been made to organise ideas in a logical way. Only parts of the requirements are understood and addressed. 	<ul style="list-style-type: none"> The study question is not clear. Show the willingness to decide on the most appropriate sources of data from the range that are available. The rationale and method of data collection are not clearly stated. The design of the study is not clear and shows little relation to the question of the report. 	<ul style="list-style-type: none"> Content/ information is inaccurate and inappropriate. Misconceptions / irrelevant information is common. Attempts are made to support viewpoints by evidence / information. Little graphics / charts / tables have been employed to present ideas.
1 (Needs Improvement)	<ul style="list-style-type: none"> The structure of the report lacks clarity and is difficult to follow. Ideas are expressed in a disorganised way with little focus. Requirements have been misunderstood and are not addressed at all. 	<ul style="list-style-type: none"> The study question is unclear and confusing. Unable to decide on the most appropriate sources of data from the range that are available. The rationale and method of data collection is not stated. The design of the study is unclear and irrelevant. The question has not been addressed at all. 	<ul style="list-style-type: none"> Content / information is completely inaccurate and inappropriate. The content provided is wrong and irrelevant. Viewpoints are not supported at all. No attempt has been made to use graphic elements to present concepts.

Overall Marks: _____ M / 16 Comment/ Remark:

Zero mark may be given if the work submitted fails to meet the minimum requirement of the assessment standard.

Name of tutor: _____

Signature: _____

Date: _____

Assessment Rubrics for Assessment Task (1): Project I – Oral Presentation (2% of total marks)

Name: _____ Class: _____

STRN: _____ Course deliverer: _____

Descriptions				
Marks	Organisation	Expression of ideas and elaborations	Delivery techniques	Cooperation
4 (Excellent)	<ul style="list-style-type: none"> Managing time effectively, this involves meeting requirements set by team members. Demonstrate good understanding on how information is organised, e.g. understand different forms of production and presentation of information. Able to design good presentation. 	<ul style="list-style-type: none"> All information and ideas are clearly expressed. In presentation, the topic is introduced and ideas are developed in order and linked in an orderly way. There is an appropriate conclusion. When appropriate, ideas are further elaborated for better understanding. 	<ul style="list-style-type: none"> Pace and volume are sustained appropriately without hesitation. Communication is supported with diversified features including intonation, word stress and appropriate body language. 	<ul style="list-style-type: none"> Participate actively, which involves taking part and sharing. Negotiate successfully with other team members, and consolidate all ideas before answering questions Able to make connections with team members through exchange of ideas.
3 (Good)	<ul style="list-style-type: none"> Good time management. Demonstrate fair understanding on how information is organised, e.g. present the information suitably for the intended purpose. Good presentation format. 	<ul style="list-style-type: none"> Most information and ideas are clearly expressed. Ideas are developed in an orderly way and elaborated most of the time. 	<ul style="list-style-type: none"> Intonation, volume and pace are generally appropriate to convey meaning. Some features of body language support communication. (e.g. eye contact) 	<ul style="list-style-type: none"> Participate fairly by taking part and sharing. Able to negotiate with other team members before answering questions. Willing to share ideas with other team members.
2 (Fair)	<ul style="list-style-type: none"> Fair time management. Information is fairly organised, e.g. able to design how to present the information. Fair presentation format e.g. information is available in presentation. 	<ul style="list-style-type: none"> Some simple and straightforward ideas are expressed clearly. Occasional details are added to describe or explain ideas. 	<ul style="list-style-type: none"> Intonation, volume and pace are sometimes appropriate enough to be understood. Little features have been employed to facilitate communication. 	<ul style="list-style-type: none"> Little participation but still involve in discussion. Try to negotiate with other team members before answering questions.
1 (Needs Improvement)	<ul style="list-style-type: none"> Poor time management. Poor organisation of information collected. 	<ul style="list-style-type: none"> Expression of information and ideas is unclear and irrelevant. No elaboration has been observed. 	<ul style="list-style-type: none"> Poor delivery techniques make presentation difficult to follow. Irrelevant body movement distracts the focus of the audience. 	<ul style="list-style-type: none"> No participation, team members only do their own works. Cannot persuade other team members to change their minds to suit all parties.

Overall Marks: _____ M / 16 Comment/ Remark: _____

Zero mark may be given if the work submitted fails to meet the minimum requirement of the assessment standard.

Name of tutor: _____ Signature: _____ Date: _____

Assessment Task 2

Suggested Answers for Assignment (5%)

1.

Assessment Task 2 – Assignment Room 1008, Tin On Tower, Nathan Road, Kowloon Accounts List [Detail] As of 31/3/2010							Marks
Account #	Account	Type	Dr/Cr	Header/ Detail	Level	Balance	
1-0000	Assets	Asset	Debit	Header	1	HK\$3,823,002.00	
1-1000	Fixed Assets	Asset	Debit	Header	2	HK\$680,000.00	
1-1100	Office Equipment	Asset	Debit	Header	3	HK\$400,000.00	
1-1110	Office equip at cost	Fixed Asset	Debit	Detail	4	HK\$500,000.00	0.5
1-1120	Office equip accum dep	Fixed Asset	Debit	Detail	4	(HK\$100,000.00)	0.5
1-1200	Motor Vehicle	Asset	Debit	Header	3	HK\$280,000.00	
1-1210	Motor van at cost	Fixed Asset	Debit	Detail	4	HK\$400,000.00	0.5
1-1220	Motor van accum dep	Fixed Asset	Debit	Detail	4	(HK\$120,000.00)	0.5
1-2000	Current Assets	Asset	Debit	Header	2	HK\$3,143,002.00	
1-2100	Cash On Hand	Asset	Debit	Header	3	HK\$2,130,712.00	
1-2110	Cash in bank	Bank	Debit	Detail	4	HK\$2,077,740.00	1
1-2120	Payroll Cheque Account	Bank	Debit	Detail	4	HK\$0.00	
1-2130	Cash Drawer	Bank	Debit	Detail	4	HK\$0.00	
1-2140	Undeposited Cash & Cheque	Bank	Debit	Detail	4	HK\$0.00	
1-2150	Cash in hand	Bank	Debit	Detail	4	HK\$52,972.00	1
1-2160	Undeposited Funds	Bank	Debit	Detail	4	HK\$0.00	
1-2170	Electronic Clearing Account	Bank	Debit	Detail	4	HK\$0.00	
1-2200	Accounts Receivable	Accounts Receivable	Debit	Detail	3	HK\$966,330.00	1
1-2210	Prov for impairment loss on AR	Other Asset	Debit	Detail	3	(HK\$4,040.00)	0.5
1-2300	Inventory	Other Asset	Debit	Detail	3	HK\$50,000.00	0.5
1-3000	Other Assets	Asset	Debit	Header	2	HK\$0.00	
1-3100	Deposits Paid	Other Asset	Debit	Detail	3	HK\$0.00	
1-3200	Prepayments	Other Asset	Debit	Detail	3	HK\$0.00	
2-0000	Liabilities	Liability	Credit	Header	1	HK\$861,880.00	
2-1000	Long-Term Liabilities	Liability	Credit	Header	2	HK\$0.00	
2-1100	Bank Loans	Other Liability	Credit	Detail	3	HK\$0.00	
2-1200	Other Long-Term Liabilities	Other Liability	Credit	Detail	3	HK\$0.00	
2-2000	Current Liabilities	Liability	Credit	Header	2	HK\$861,880.00	
2-2100	Credit Cards	Liability	Credit	Header	3	HK\$0.00	
2-2110	Bankcard	Credit Card	Credit	Detail	4	HK\$0.00	
2-2120	Diners Club	Credit Card	Credit	Detail	4	HK\$0.00	
2-2130	MasterCard	Credit Card	Credit	Detail	4	HK\$0.00	
2-2140	Visa	Credit Card	Credit	Detail	4	HK\$0.00	
2-2200	Accounts Payable	Accounts Payable	Credit	Detail	3	HK\$861,880.00	1
2-2210	A/P Accrual – Inventory	Other Liability	Credit	Detail	3	HK\$0.00	
2-2350	Sales Tax Payable	Other Liability	Credit	Detail	3	HK\$0.00	
2-2360	Import Duty Payable	Other Liability	Credit	Detail	3	HK\$0.00	
2-2400	Payroll Liabilities	Liability	Credit	Header	3	HK\$0.00	
2-2410	Payroll Deductions Payable	Other Liability	Credit	Detail	4	HK\$0.00	

2-2415	Payroll Salary Payable	Other Liability	Credit	Detail	4	HK\$0.00	
2-2420	PAYE Tax Payable	Other Liability	Credit	Detail	3	HK\$0.00	
2-2600	Accrued Taxes	Other Liability	Credit	Detail	3	HK\$0.00	
2-2700	Customer Advance Deposits	Other Liability	Credit	Detail	3	HK\$0.00	
2-2800	Other Current Liabilities	Other Liability	Credit	Detail	3	HK\$0.00	
3-0000	Equity	Equity	Credit	Header	1	HK\$2,961,122.00	
3-1000	Owner's Equity	Equity	Credit	Header	2	HK\$2,660,310.00	
3-1100	Capital	Equity	Credit	Detail	3	HK\$2,710,310.00	0.5
3-1200	Drawings	Equity	Credit	Detail	3	(HK\$50,000.00)	0.5
3-8000	Retained Earnings	Equity	Credit	Detail	2	HK\$0.00	
3-9000	Current Year Earnings	Equity	Credit	Detail	2	HK\$300,812.00	
3-9999	Historical Balancing	Equity	Credit	Detail	2	HK\$0.00	
4-0000	Income	Income	Credit	Header	1	HK\$4,544,060.00	
4-1000	Sales	Income	Credit	Header	2	HK\$4,579,340.00	
4-1100	Sales	Income	Credit	Detail	3	HK\$4,579,340.00	1
4-1200	Sales Type 2	Income	Credit	Detail	3	HK\$0.00	
4-1300	Sales Type 3	Income	Credit	Detail	3	HK\$0.00	
4-2000	Returns inwards	Income	Credit	Detail	2	(HK\$35,280.00)	1
4-3000	Other Income	Income	Credit	Header	2	HK\$0.00	
4-3300	Discounts received	Income	Credit	Detail	3	HK\$0.00	
5-0000	Cost of Sales	Cost of Sales	Debit	Header	1	HK\$1,696,380.00	
5-1000	Purchases	Cost of Sales	Debit	Header	2	HK\$1,723,380.00	
5-1100	Purchases	Cost of Sales	Debit	Detail	3	HK\$1,723,380.00	1
5-1200	Purchases Type 2	Cost of Sales	Debit	Detail	3	HK\$0.00	
5-1300	Purchases Type 3	Cost of Sales	Debit	Detail	3	HK\$0.00	
5-2000	Returns outwards	Cost of Sales	Debit	Detail	2	(HK\$34,000.00)	1
5-3000	Materials & Supplies	Cost of Sales	Debit	Detail	2	HK\$0.00	
5-4000	Other Costs	Cost of Sales	Debit	Detail	2	HK\$0.00	
5-5000	Carriage inwards	Cost of Sales	Debit	Detail	2	HK\$7,000.00	1
6-0000	Expenses	Expense	Debit	Header	1	HK\$2,610,448.00	
6-1000	Advertising	Expense	Debit	Detail	2	HK\$0.00	
6-1050	Bank Charges	Expense	Debit	Detail	2	HK\$0.00	
6-1100	Bad Debt from Sales	Expense	Debit	Detail	2	HK\$0.00	
6-1200	Car & Truck Expenses	Expense	Debit	Detail	2	HK\$0.00	
6-1300	Carrage outwards	Expense	Debit	Detail	2	HK\$6,020.00	0.5
6-1500	Depreciation	Expense	Debit	Detail	2	HK\$0.00	
6-1800	Entertainment	Expense	Debit	Detail	2	HK\$4,680.00	0.5
6-1900	Legal and professional fee	Expense	Debit	Detail	2	HK\$0.00	
6-2000	Insurance	Expense	Debit	Detail	2	HK\$146,700.00	1
6-2100	Maintenance & Repairs	Expense	Debit	Detail	2	HK\$0.00	
6-2200	Pension & Profit Sharing	Expense	Debit	Detail	2	HK\$0.00	
6-2250	Shrinkage/Spoilage	Expense	Debit	Detail	2	HK\$0.00	
6-2300	Employment Expenses	Expense	Debit	Header	2	HK\$978,000.00	
6-2310	Staff Amenities	Expense	Debit	Detail	3	HK\$0.00	
6-2330	Salaries and wages	Expense	Debit	Detail	3	HK\$978,000.00	0.5
6-2340	Workers' Compensation	Expense	Debit	Detail	3	HK\$0.00	
6-2350	Other Employer Expenses	Expense	Debit	Detail	3	HK\$0.00	
6-2400	Rent or Lease	Expense	Debit	Header	2	HK\$1,202,348.00	
6-2410	Vehicles, Mach. & Equipment	Expense	Debit	Detail	3	HK\$0.00	
6-2420	Rent and rates	Expense	Debit	Detail	3	HK\$1,202,348.00	1
6-2500	Sundry expenses	Expense	Debit	Detail	2	HK\$24,670.00	0.5
6-2600	Taxes & Licenses	Expense	Debit	Detail	2	HK\$0.00	
6-2700	Telephone	Expense	Debit	Detail	2	HK\$0.00	

6-2800	Travel, Meals & Entertainment	Expense	Debit	Header	2	HK\$0.00	
6-2810	Travel	Expense	Debit	Detail	3	HK\$0.00	
6-2820	Meals & Entertainment	Expense	Debit	Detail	3	HK\$0.00	
6-2900	Services	Expense	Debit	Header	2	HK\$112,070.00	
6-2910	Gas	Expense	Debit	Detail	3	HK\$0.00	
6-2920	Electricity	Expense	Debit	Detail	3	HK\$112,070.00	1
6-2930	Water	Expense	Debit	Detail	3	HK\$0.00	
6-3000	Discounts	Expense	Debit	Header	2	HK\$135,960.00	
6-3010	Discounts allowed	Expense	Debit	Detail	3	HK\$135,960.00	1
8-0000	Other Income	Other Income	Credit	Header	1	HK\$63,580.00	
8-1000	Interest Income	Other Income	Credit	Detail	2	HK\$0.00	
8-1100	Discount Received	Other Income	Credit	Detail	2	HK\$63,580.00	1
8-1200	Late Fees Collected	Other Income	Credit	Detail	2	HK\$0.00	
8-1300	Shipping Collected	Other Income	Credit	Detail	2	HK\$0.00	
9-0000	Other Expenses	Other Expense	Debit	Header	1	HK\$0.00	
9-1000	Interest Expense	Other Expense	Debit	Header	2	HK\$0.00	
9-1100	Mortgage Expense	Other Expense	Debit	Detail	3	HK\$0.00	
9-1200	Other Interest Expense	Other Expense	Debit	Detail	3	HK\$0.00	
							20

(Total: 20 marks)

2.

Assessment Task 2 - Assignment							Marks
<i>Room 1008, Tin On Tower, Nathan Road, Kowloon</i>							
Cash Disbursements Journal							
1/3/2010 To 31/3/2010							
		ID#	Acct#	Account Name	Debit	Credit	Job No.
CD	23/3/2010	Space Co					
		101222	1-2110	Cash in bank		HK\$19,670.00	1
		101222	2-2200	Accounts Payable	HK\$19,670.00		1
CD	23/3/2010	Europe Co					
		101223	1-2110	Cash in bank		HK\$150,920.00	1
		101223	2-2200	Accounts Payable	HK\$150,920.00		1
CD	23/3/2010	Orbit Co					
		101224	1-2110	Cash in bank		HK\$51,300.00	1
		101224	2-2200	Accounts Payable	HK\$51,300.00		1
CD	25/3/2010	Rates					
		-	1-2150	Cash in hand		HK\$2,348.00	1
		-	6-2420	Rent and rates	HK\$2,348.00		1
CD	25/3/2010	Entertainment Expenses					
		-	1-2150	Cash in hand		HK\$4,680.00	1
		-	6-1800	Entertainment	HK\$4,680.00		1
CD	25/3/2010	Electricity					
		101225	1-2110	Cash in bank		HK\$58,070.00	1
		101225	6-2920	Electricity	HK\$58,070.00		1
CD	25/3/2010	Insurance					
		101226	1-2110	Cash in bank		HK\$120,000.00	1
		101226	6-2000	Insurance	HK\$120,000.00		1
Grand Total:					HK\$406,988.00	HK\$406,988.00	
							14

(Total: 14 marks)

3.

Assessment Task 2 - Assignment							
<i>Room 1008, Tin On Tower, Nathan Road, Kowloon</i>							
Cash Receipts Journal							
1/3/2010 To 31/3/2010							
		ID#	Acct#	Account Name	Debit	Credit	Job No.
CR	20/3/2010	Payment; Eastern Co					
		CQ106223	1-2110	Cash in bank	HK\$579,500.00		1
		CQ106223	1-2200	Accounts Receivable		HK\$579,500.00	1
CR	20/3/2010	Payment; Hong Kong Co					
		CQ222331	1-2110	Cash in bank	HK\$750,500.00		1
		CQ222331	1-2200	Accounts Receivable		HK\$750,500.00	1
CR	20/3/2010	Payment; Kowloon Co					
		CQ631214	1-2110	Cash in bank	HK\$594,700.00		1
		CQ631214	1-2200	Accounts Receivable		HK\$43,700.00	1
		CQ631214	1-2200	Accounts Receivable		HK\$551,000.00	1
CR	31/3/2010	Cash Sales for 00002858					
		CR000001	1-2110	Cash in bank	HK\$3,000.00		
		CR000001	1-2200	Accounts Receivable		HK\$3,000.00	1
				Grand Total:	HK\$1,927,700.00	HK\$1,927,700.00	
							8

(Total: 8 marks)

4.

Assessment Task 2 – Assignment Room 1008, Tin On Tower, Nathan Road, Kowloon Sales & Receivables Journal 1/3/2010 To 31/3/2010							
		ID#	Acct#	Account Name	Debit	Credit	Job
SJ	1/3/2010	Sale; NT Co					
		00002852	1-2200	Accounts Receivable	HK\$350,000.00		1
		00002852	4-1100	Sales		HK\$350,000.00	1
SJ	1/3/2010	Sale; Hong Kong Co					
		00002853	1-2200	Accounts Receivable	HK\$790,000.00		1
		00002853	4-1100	Sales		HK\$790,000.00	1
SJ	1/3/2010	Sale; Kowloon Co					
		00002854	1-2200	Accounts Receivable	HK\$580,000.00		1
		00002854	4-1100	Sales		HK\$580,000.00	1
SJ	1/3/2010	Sale; Eastern Co					
		00002855	1-2200	Accounts Receivable	HK\$621,280.00		1
		00002855	4-1100	Sales		HK\$621,280.00	1
SJ	8/3/2010	Sale; Eastern Co					
		CN4768	1-2200	Accounts Receivable		HK\$11,280.00	1
		CN4768	4-2000	Returns inwards	HK\$11,280.00		1
SJ	8/3/2010	Eastern Co: Credit from CN4768					
		SJ000001	1-2200	Accounts Receivable	HK\$11,280.00		
		SJ000001	1-2200	Accounts Receivable		HK\$11,280.00	
SJ	20/3/2010	Discount: Eastern Co					
		SJ000002	6-3010	Discounts allowed	HK\$30,500.00		
		SJ000002	1-2200	Accounts Receivable		HK\$30,500.00	1
SJ	20/3/2010	Discount: Hong Kong Co					
		SJ000003	6-3010	Discounts allowed	HK\$39,500.00		
		SJ000003	1-2200	Accounts Receivable		HK\$39,500.00	1
SJ	20/3/2010	Discount: Kowloon Co					
		SJ000004	6-3010	Discounts allowed	HK\$31,300.00		
		SJ000004	1-2200	Accounts Receivable		HK\$2,300.00	1
		SJ000004	1-2200	Accounts Receivable		HK\$29,000.00	1

Marks

SJ	27/3/2010	Sale; Success Co	00002856	1-2200	Accounts Receivable	HK\$162,000.00		1
			00002856	4-1100	Sales		HK\$162,000.00	1
SJ	27/3/2010	Sale; Bright Co	00002857	1-2200	Accounts Receivable	HK\$50,000.00		1
			00002857	4-1100	Sales		HK\$50,000.00	1
SJ	31/3/2010	Sale; Cash Sales	00002858	1-2200	Accounts Receivable	HK\$3,000.00		1
			00002858	4-1100	Sales		HK\$3,000.00	1
Grand Total:						HK\$2,680,140.00	HK\$2,680,140.00	20

(Total: 20 marks)

5.

Assessment Task 2 - Assignment Room 1008, Tin On Tower, Nathan Road, Kowloon Purchases & Payables Journal 1/3/2010 To 31/3/2010								Marks
		ID#	Acct#	Account Name	Debit	Credit	Job No.	
PJ	6/3/2010	Purchase; Overseas Co						
		AA3888	2-2200	Accounts Payable		HK\$236,000.00		1
		AA3888	5-1100	Purchases	HK\$236,000.00			1
PJ	6/3/2010	Purchase; Europe Co						
		EU2197	2-2200	Accounts Payable		HK\$154,000.00		1
		EU2197	5-1100	Purchases	HK\$154,000.00			1
PJ	6/3/2010	Purchase; Orbit Co						
		NA1268	2-2200	Accounts Payable		HK\$198,000.00		1
		NA1268	5-1100	Purchases	HK\$198,000.00			1
PJ	23/3/2010	Discount: Europe Co						
		PJ000001	8-1100	Discount Received		HK\$3,080.00		1
		PJ000001	2-2200	Accounts Payable	HK\$3,080.00			1
PJ	23/3/2010	Discount: Orbit Co						
		PJ000002	8-1100	Discount Received		HK\$2,700.00		1
		PJ000002	2-2200	Accounts Payable	HK\$2,700.00			1
PJ	29/3/2010	Purchase; Gateway Co						
		GW213	2-2200	Accounts Payable		HK\$77,880.00		1
		GW213	5-1100	Purchases	HK\$77,880.00			1
PJ	29/3/2010	Purchase; Kyle Co						
		KY5456	2-2200	Accounts Payable		HK\$110,000.00		1
		KY5456	5-1100	Purchases	HK\$110,000.00			1
PJ	30/3/2010	Purchase; Gateway Co						
		DN4877	2-2200	Accounts Payable	HK\$16,000.00			1
		DN4877	5-2000	Returns outwards		HK\$16,000.00		1
PJ	30/3/2010	Gateway Co: Debit from DN4877						
		PJ000003	2-2200	Accounts Payable		HK\$16,000.00		
		PJ000003	2-2200	Accounts Payable	HK\$16,000.00			
Grand Total:					HK\$813,660.00	HK\$813,660.00		
								16

(Total: 16 marks)

6.

Assessment Task 2 - Assignment					
<i>Room 1008, Tin On Tower, Nathan Road, Kowloon</i>					
Address List					
Address 1	Contact	Name	Address 1 Phone#1	Address 1	Marks
Manager, Mr Peter Chu	Bright Co	Cash Sales Eastern Co Europe Co	2350-2350	288 Nathan road, Kowloon Hong Kong	1
Manager, Mr Ken Or	Gateway Co	Hong Kong Co Kowloon Co	2628-2628	123 Castle Peak Road, Kowloon Hong Kong	1
Manager, Ms Cindy Ho	Kyle Co	Mainland Co Milky Way Co NT Co Orbit Co Overseas Co South China Co Space Co	2555-2555	201 King's Road, Hong Kong Hong Kong	1
Manager, Ms Mary Lok	Success Co		2553-2553	701 Cane Road, Hong Kong	1
					4

(Total: 4 marks)

7.

Assessment Task 2 - Assignment						
<i>Room 1008, Tin On Tower, Nathan Road, Kowloon</i>						
Aged Receivables [Detail]						
31/3/2010						
	ID#	Date	Total Due	0 - 30	31 - 60	61 - 90
Bright Co						
	C008					
Manager, Peter Chu						
Net 30						
	00002857	27/3/2010	HK\$50,000.00	HK\$50,000.00		
		Total:	HK\$50,000.00	HK\$50,000.00	HK\$0.00	HK\$0.00
Eastern Co						
	C003					
5% 30 Net 60						
	00002834	12/2/2010	HK\$112,000.00		HK\$112,000.00	
		Total:	HK\$112,000.00	HK\$0.00	HK\$112,000.00	HK\$0.00
Hong Kong Co						
	C004					
5% 30 Net 60						
	00002840	26/2/2010	HK\$92,000.00		HK\$92,000.00	
		Total:	HK\$92,000.00	HK\$0.00	HK\$92,000.00	HK\$0.00
Mainland Co						
	C001					
Net 30						
	00002821	4/1/2010	HK\$20,330.00			HK\$20,330.00
		Total:	HK\$20,330.00	HK\$0.00	HK\$0.00	HK\$20,330.00
NT Co						
	C006					
5% 30 Net 60						
	00002846	27/2/2010	HK\$130,000.00		HK\$130,000.00	
	00002852	1/3/2010	HK\$350,000.00	HK\$350,000.00		
		Total:	HK\$480,000.00	HK\$350,000.00	HK\$130,000.00	HK\$0.00
South China Co						
	C002					
Net 60						
	00002832	25/1/2010	HK\$50,000.00			HK\$50,000.00
		Total:	HK\$50,000.00	HK\$0.00	HK\$0.00	HK\$50,000.00

Marks

1

1

1

1

1

1

1

1

1

1

1

1

1

Success Co					
	C007				
Manager, Mary Lok					
5% 30 Net 60					1
	00002856	27/3/2010	HK\$162,000.00	HK\$162,000.00	1
		Total:	HK\$162,000.00	HK\$162,000.00	
				HK\$0.00	HK\$0.00
		Grand Total:	HK\$966,330.00	HK\$562,000.00	HK\$334,000.00
		Ageing Percent:		58.2%	34.6%
					7.3%
					15

(Total: 15 marks)

8.

Assessment Task 2 - Assignment
 Room 1008, Tin On Tower, Nathan Road, Kowloon

Purchase
 Purchase #: DN4877
 Date: 30/3/2010
 Delivery Via:
 Page: 1

Deliver To:

Gateway Co
 123 Castle Peak Road, Kowloon
 Hong Kong

Assessment Task 2 - Assignment
 Room 1008, Tin On Tower, Nathan Road, Kowloon

Description	Amount	Tax
Returned damaged goods for invoice no. CW213	(HK\$16,000.00)	

Your invoice #: CW123 Delivery Date: Term: Net 60	Freight: HK\$0.00 Sales Tax: HK\$0.00 Total Amount: (HK\$16,000.00) Amount Applied: (HK\$16,000.00) Balance Due: HK\$0.00
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Marks

1

1

1

3

(Total: 3 marks)

[END OF ASSIGNMENT]

Assessment Task 3

Suggested Answers for Intra-class competition on accounting software (5%)

1.

Assessment Task 3 - Competition							
Summary Trial Balance							
1/12/2009 To 31/12/2009							
Acct#	Account Name	Beginning Balance	Total Debit	Total Credit	Net Activity	Ending Balance	Marks
1-1110	Fixtures & fittings at cost	HK\$129,500.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$129,500.00	0.5
1-1120	Accumulated depreciation: F&F	HK\$97,125.00cr	HK\$0.00	HK\$19,425.00	HK\$19,425.00cr	HK\$116,550.00cr	1
1-1210	Motor vehicles at cost	HK\$104,000.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$104,000.00	0.5
1-1220	Accumulated depreciation: MV	HK\$83,200.00cr	HK\$0.00	HK\$6,240.00	HK\$6,240.00cr	HK\$89,440.00cr	1
1-2110	Cash at bank	HK\$209,960.00	HK\$414,008.00	HK\$93,230.00	HK\$320,778.00	HK\$530,738.00	1.5
1-2120	Payroll Cheque Account	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-2130	Cash Drawer	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-2140	Petty Cash	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-2160	Undeposited Funds	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-2170	Electronic Clearing Account	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-2200	Accounts receivable	HK\$236,000.00	HK\$127,680.00	HK\$206,200.00	HK\$78,520.00cr	HK\$157,480.00	1.5
1-2210	Prov for impairment loss on AR	HK\$8,870.00cr	HK\$70.00	HK\$0.00	HK\$70.00	HK\$8,800.00cr	1.5
1-2300	Inventory	HK\$94,360.00	HK\$103,550.00	HK\$94,360.00	HK\$9,190.00	HK\$103,550.00	2
1-3100	Deposits Paid	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-3200	Prepayments	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
1-3300	Investments	HK\$134,730.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$134,730.00	0.5
2-1100	Loan from M Bank	HK\$300,000.00cr	HK\$55,000.00	HK\$0.00	HK\$55,000.00	HK\$245,000.00cr	1.5
2-1200	Other Long-Term Liabilities	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2110	Bankcard	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2120	Diners Club	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2130	MasterCard	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2140	Visa	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2200	Accounts payable	HK\$98,250.00cr	HK\$22,700.00	\$20,700.00	HK\$2,000.00cr	HK\$96,250.00cr	1.5
2-2210	A/P Accrual - Inventory	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2350	Sales Tax Payable	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2360	Import Duty Payable	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2410	Payroll Deductions Payable	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2415	Payroll Salary Payable	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2420	PAYE Tax Payable	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2600	Customer Deposits	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
2-2700	Other payables -loan from B Bank	HK\$0.00	HK\$0.00	HK\$240,000.00	-HK\$240,000.00cr	HK\$240,000.00cr	1
3-1100	Capital	HK\$343,740.00cr	HK\$0.00	HK\$0.00	HK\$0.00	HK\$343,740.00cr	0.5
3-1200	Owner's Drawings	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
3-8000	Retained profits	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
3-9999	Historical Balancing	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
4-1100	Sales	HK\$1,239,960.00cr	HK\$0.00	HK\$101,800.00	-HK\$101,800.00cr	HK\$1,341,760.00cr	1
4-1200	Returns inwards	HK\$16,290.00	HK\$800.00	HK\$0.00	HK\$800.00	HK\$17,090.00	1
4-1300	Sales Type C	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
4-1400	Sales Type D	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
4-4000	Miscellaneous Income	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
5-0001	Opening inventory	HK\$0.00	HK\$94,360.00	HK\$0.00	HK\$94,360.00	HK\$94,360.00	1.5
5-1100	Purchases	HK\$784,930.00	HK\$20,050.00	HK\$0.00	HK\$20,050.00	HK\$805,430.00	1
5-1200	Returns outwards	HK\$18,340.00cr	HK\$0.00	HK\$200.00	HK\$200.00cr	HK\$18,540.00cr	1
5-1300	Purchases Type C	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
5-1400	Purchases Type D	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
5-2000	Carriage inwards	HK\$7,200.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$7,200.00	0.5
5-3000	Closing inventory	HK\$0.00	HK\$0.00	HK\$103,550.00	-HK\$103,550.00cr	HK\$103,550.00cr	1.5
6-0040	Accounting Fees	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-1000	Advertising	HK\$7,640.00	HK\$700.00	HK\$0.00	HK\$700.00	HK\$8,340.00	1
6-1050	Bank Charges	HK\$1,115.00	HK\$125.00	HK\$0.00	HK\$125.00	HK\$1,240.00	1
6-1051	Bad debts	HK\$6,560.00	HK\$25,080.00	HK\$0.00	HK\$25,080.00	HK\$31,640.00	1.5
6-1052	Carriage outwards	HK\$6,800.00	HK\$7,040.00	HK\$0.00	HK\$7,040.00	HK\$13,840.00	1
6-1100	Depreciation Expense	HK\$0.00	HK\$25,665.00	HK\$0.00	HK\$25,665.00	HK\$25,665.00	1.5
6-1210	Discounts allowed	HK\$4,920.00	HK\$4,832.00	HK\$0.00	HK\$4,832.00	HK\$9,752.00	1
6-1300	Motor expenses	HK\$13,750.00	HK\$3,200.00	HK\$0.00	HK\$3,200.00	HK\$16,950.00	1
6-1400	Insurance	HK\$12,500.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$12,500.00	0.5
6-1500	Office expenses	HK\$71,500.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$71,500.00	0.5
6-1600	Legal Fees	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-1700	Maintenance	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-1800	Store Supplies	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	

6-1910	Director's remuneration	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-1930	Wages & salaries	HK\$159,480.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$159,480.00	0.5
6-1940	Workers' Compensation	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-1950	Other Employer Expenses	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-2000	Postage & Shipping	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-2050	Rent	HK\$130,000.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$130,000.00	0.5
6-2100	Rates	HK\$5,960.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$5,960.00	0.5
6-2150	Miscellaneous expenses	HK\$7,480.00	HK\$1,280.00	HK\$0.00	HK\$1,280.00	HK\$8,760.00	1
6-2200	Telephone	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-2300	Travel & Entertainment	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-2410	Gas	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
6-2420	Electricity	HK\$10,280.00	HK\$3,250.00	HK\$0.00	HK\$3,250.00	HK\$13,530.00	1
6-2430	Water	HK\$340.00	HK\$120.00	HK\$0.00	HK\$120.00	HK\$460.00	1
8-1000	Interest Income	HK\$0.00	HK\$0.00	HK\$19,560.00	HK\$19,560.00cr	HK\$19,560.00cr	1
8-1100	Discounts received	HK\$3,960.00cr	HK\$0.00	HK\$1,565.00	HK\$1,565.00cr	HK\$5,525.00cr	1
8-1200	Dividends received	HK\$3,100.00cr	HK\$0.00	HK\$4,840.00	HK\$4,840.00cr	HK\$7,940.00cr	1
8-1300	Shipping Fees Collected	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
8-1400	Reversal of impairment loss-AR	HK\$0.00	HK\$0.00	HK\$70.00	HK\$70.00cr	HK\$70.00cr	1.5
9-1000	Loan interest	HK\$41,250.00	HK\$1,780.00	HK\$0.00	HK\$1,780.00	HK\$43,030.00	1
9-2000	Income Tax Expense	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	HK\$0.00	
	Total:	HK\$936,820.00	HK\$936,820.00				
							41

(Total: 41 marks)

2.

Assessment Task 3 - Competition			Marks
Profit & Loss Statement			
January 2009 through December 2009			
Income			
Sales			
Sales		HK\$1,341,760.00	
Returns inwards		(HK\$17,090.00)	
Total Income		HK\$1,324,670.00	1
Cost of Sales			
Opening inventory		HK\$94,360.00	
Purchases			
Purchases	HK\$805,430.00		
Returns outwards	(HK\$18,540.00)		
Carriage inwards		HK\$7,200.00	
Closing inventory		(HK\$103,550.00)	
Total Cost of Sales		HK\$784,900.00	1
Gross Profit		HK\$539,770.00	
Other Income			
Interest Income		HK\$19,560.00	
Discounts received		HK\$5,525.00	
Dividends received		HK\$7,940.00	
Reversal of impairment loss-AR		HK\$70.00	
Total Other Income		HK\$33,095.00	0.5
Expenses			
Advertising		HK\$8,340.00	
Bank Charges		HK\$1,240.00	
Bad debts		HK\$31,640.00	
Carriage outwards		HK\$13,840.00	
Depreciation Expense		HK\$25,665.00	
Discounts			
Discounts allowed	HK\$9,752.00		
Motor expenses		HK\$16,950.00	
Insurance		HK\$12,500.00	
Office expenses		HK\$71,500.00	
Employment Expenses			
Wages & salaries	HK\$159,480.00		
Total Employment Expenses		HK\$159,480.00	
Rent		HK\$130,000.00	
Rates		HK\$5,960.00	
Miscellaneous expenses		HK\$8,760.00	
Services			
Electricity	HK\$13,530.00		
Water	HK\$460.00		
Total Expenses		HK\$509,617.00	0.5
Operating Profit		HK\$63,248.00	
Other Expenses			
Loan interest		HK\$43,030.00	
Total Other Expenses		HK\$43,030.00	0.5
Net Profit / (Loss)		HK\$20,218.00	0.5
			4

(Total: 4 marks)

3.

Assessment Task 3 - Competition			Marks
Balance Sheet			
As of December 2009			
Assets			
Fixed Assets			
Fixtures & Fittings			
Fixtures & fittings at cost	HK\$129,500.00		0.5
Accumulated depreciation: F&F	(HK\$116,550.00)		0.5
Total Fixtures & Fittings		HK\$12,950.00	
Motor Vehicles			
Motor vehicles at cost	HK\$104,000.00		0.5
Accumulated depreciation: MV	(HK\$89,440.00)		0.5
Total Motor Vehicles			0.5
Total Fixed Assets		<u>HK\$14,560.00</u>	
			HK\$27,510.00
Current Assets			
Cash On Hand			
Cash at bank	HK\$530,738.00		
Total Cash On Hand		HK\$530,738.00	0.5
Accounts receivable		HK\$157,480.00	0.5
Prov for impairment loss on AR		(HK\$8,800.00)	0.5
Inventory		<u>HK\$103,550.00</u>	0.5
Total Current Assets			HK\$782,968.00
Other Assets			
Investments		<u>HK\$134,730.00</u>	0.5
Total Other Assets			<u>HK\$134,730.00</u>
Total Assets			HK\$945,208.00
Liabilities			
Long-Term Liabilities			
Loan from M Bank		<u>HK\$245,000.00</u>	0.5
Total Long-Term Liabilities			HK\$245,000.00
Current Liabilities			
Accounts payable		HK\$96,250.00	0.5
Other payables - loan fr B bank		<u>HK\$240,000.00</u>	0.5
Total Current Liabilities			<u>HK\$336,250.00</u>
Total Liabilities			HK\$581,250.00
Net Assets			<u>HK\$363,958.00</u>
Equity			
Capital			
Capital			
Capital		<u>HK\$343,740.00</u>	
Total Capital			HK\$343,740.00
Current Year Earnings			<u>HK\$20,218.00</u>
Total Equity			HK\$363,958.00

(Total: 6 marks)

4.

Assessment Task 3 - Competition								Marks
Aged Receivables [Detail]								
31/12/2009								
ID#	Date	Total Due	0 - 30	31 - 60	61 - 90	90+		
Appolo Co								
D0107								
5% 30 Net 60	00025864	7/12/2009	HK\$23,000.00	HK\$23,000.00				
		Total:	HK\$23,000.00	HK\$23,000.00	HK\$0.00	HK\$0.00	HK\$0.00	
Kingston Co								
D0098								
5% 30 Net 60	00025865	7/12/2009	HK\$9,200.00	HK\$9,200.00				
		Total:	HK\$9,200.00	HK\$9,200.00	HK\$0.00	HK\$0.00	HK\$0.00	
Martial Co								
D0094								
Net 60	00025794	18/11/2009	HK\$72,700.00		HK\$72,700.00			
		Total:	HK\$72,700.00	HK\$0.00	HK\$72,700.00	HK\$0.00	HK\$0.00	
Mount Co								
D0063								
5% 30 Net 60	00025848	28/11/2009	HK\$6,580.00		HK\$6,580.00			
	00025862	1/12/2009	HK\$12,700.00	HK\$12,700.00				
		Total:	HK\$19,280.00	HK\$12,700.00	HK\$6,580.00	HK\$0.00	HK\$0.00	
Prime Co								
D0031								
5% 30 Net 60	00025745	13/11/2009	HK\$8,800.00		HK\$8,800.00			
	00025863	1/12/2009	HK\$8,000.00	HK\$8,000.00				
		Total:	HK\$16,800.00	HK\$8,000.00	HK\$8,800.00	HK\$0.00	HK\$0.00	
Star Co								
D0281								
Mr David Wong (Manager)								
23452345								
5% 30 Net 60	00025866	12/12/2009	HK\$16,500.00	HK\$16,500.00				
		Total:	HK\$16,500.00	HK\$16,500.00	HK\$0.00	HK\$0.00	HK\$0.00	
		Grand Total:	HK\$157,480.00	HK\$69,400.00	HK\$88,080.00	HK\$0.00	HK\$0.00	
		Ageing Percent:		44.1%	55.9%	0.0%	0%	

12

(Total: 12 Marks)

5.

Assessment Task 3 - Competition					Marks
Reconciliation Report					
ID#	Date	Memo/Payee	Deposit	Withdrawal	
Cheque Account: 1-2110		Cash at bank			
Date of Bank Statement: 31/12/2009					
Reconciled Cheques					
	045136 9/12/2009	Partial repayment of loan to M Bank		HK\$55,000.00	
	SC311209 17/12/2009	HK Electricity		HK\$3,250.00	
	SC311209 18/12/2009	Bank Charges		HK\$125.00	
	045138 21/12/2009	Accord Co		HK\$2,660.00	
	045139 21/12/2009	L & D Co		HK\$4,275.00	
	SC311209 21/12/2009	HK Government: Water		HK\$120.00	
	045142 28/12/2009	Leader News - Advertisement		HK\$700.00	
	SC311209 28/12/2009	Loan interest		HK\$1,780.00	
		Total:	HK\$0.00	HK\$67,910.00	1
Reconciled Deposits					
	CR000008 5/12/2009	Loan from B Bank	HK\$240,000.00		
	IE311209 14/12/2009	Dividend Income: D Co	HK\$4,840.00		
	CR000001 16/12/2009	Payment; Sheung Yue	HK\$20,425.00		
	CR000002 16/12/2009	Payment; Conrad Co	HK\$35,340.00		
	CR000003 16/12/2009	Payment; Kingston Co	HK\$3,040.00		
	CR000004 16/12/2009	Payment; Bung Supplies	HK\$55,000.00		
	CR000005 19/12/2009	Payment; Appolo Co	HK\$10,260.00		
	CR000006 19/12/2009	Payment; Bubble Co	HK\$14,288.00		
	CR000009 21/12/2009	Payment; Kama Co	HK\$8,455.00		
	CR000007 22/12/2009	Cash Sales for 00025867	HK\$2,800.00		
	IE311209 31/12/2009	Bank Interest	HK\$19,560.00		
		Total:	HK\$414,008.00	HK\$0.00	1
Outstanding Cheques					
	045137 18/12/2009	New Century		HK\$8,100.00	1
	045140 21/12/2009	Vincent Co		HK\$5,700.00	1
	045141 28/12/2009	Power Motors - maintenance		HK\$3,200.00	1
	045143 28/12/2009	Cheung Tai - Misc exp		HK\$1,280.00	1
	045144 28/12/2009	Universal Logistics - delivery to customers		HK\$7,040.00	1
		Total:	HK\$0.00	HK\$25,320.00	
Reconciliation					
	MYOB Balance on 31/12/2009:		HK\$530,738.00		1
	Add: Outstanding Cheques:		HK\$25,320.00		1
	Subtotal:		HK\$556,058.00		
	Deduct: Outstanding Deposits:		HK\$0.00		1
	Expected Balance on Statement:		HK\$556,058.00		1
11					

(Total 11: Marks)

6.

Assessment Task 3 - Competition								Marks
Detail Trial Balance								
1/12/2009 To 31/12/2009								
ID#	Src	Date	Memo	Debit	Credit	Net Activity	Ending Balance	
1-2110			Cash at bank					
Beginning Balance:			HK\$209,960.00					
CR000008	CR	5/12/2009	Loan from B Bank	\$240,000.00			HK\$449,960.00	1
045136	CD	9/12/2009	Partial repayment of loan to M Bank		HK\$55,000.00		HK\$394,960.00	1
IE311209	CR	14/12/2009	Dividend income: D Co	HK\$4,840.00			HK\$399,800.00	1.5
CR000001	CR	16/12/2009	Payment; Sheung Yue	HK\$20,425.00			HK\$420,225.00	
CR000002	CR	16/12/2009	Payment; Conrad Co	HK\$35,340.00			HK\$455,565.00	
CR000003	CR	16/12/2009	Payment; Kingston Co	HK\$3,040.00			HK\$458,605.00	
CR000004	CR	16/12/2009	Payment; Bung Supplies	HK\$55,000.00			HK\$513,605.00	
SC311209	CD	17/12/2009	HK Electricity		HK\$3,250.00		HK\$510,355.00	1
045137	CD	18/12/2009	New Century		HK\$8,100.00		HK\$502,255.00	1
SC311209	CD	18/12/2009	Bank Charges		HK\$125.00		HK\$502,130.00	1
CR000005	CR	19/12/2009	Payment; Appolo Co	HK\$10,260.00			HK\$512,390.00	0.5
CR000006	CR	19/12/2009	Payment; Bubble Co	HK\$14,288.00			HK\$526,678.00	
045138	CD	21/12/2009	Accord Co		HK\$2,660.00		HK\$524,018.00	
045139	CD	21/12/2009	L & D Co		HK\$4,275.00		HK\$519,743.00	1.5
045140	CD	21/12/2009	Vincent Co		HK\$5,700.00		HK\$514,043.00	
SC311209	CD	21/12/2009	HK Government: Water		HK\$120.00		HK\$513,923.00	1
CR000009	CR	21/12/2009	Payment; Kama Co	HK\$8,455.00			HK\$522,378.00	0.5
CR000007	CR	22/12/2009	Cash Sales for 00025867	HK\$2,800.00			HK\$525,178.00	
045141	CD	28/12/2009	Power Motors - maintenance		HK\$3,200.00		HK\$521,978.00	
045142	CD	28/12/2009	Leader News - Advertisement		HK\$700.00		HK\$521,278.00	1
045143	CD	28/12/2009	Cheung Tai - Misc exp		HK\$1,280.00		HK\$519,998.00	1
045144	CD	28/12/2009	Universal Logistics - delivery to customers		HK\$7,040.00		HK\$512,958.00	1
SC311209	CD	28/12/2009	Loan interest		HK\$1,780.00		HK\$511,178.00	1
IE311209	CR	31/12/2009	Bank Interest	HK\$19,560.00			HK\$530,738.00	1
Total:				HK\$414,008.00	HK\$93,230.00	HK\$320,778.00	HK\$530,738.00	
Grand Total:				HK\$414,008.00	HK\$93,230.00			

16

(Total: 16 Marks)

7.

Assessment Task 3 - Competition							Marks
Accounts List [Detail]							
As of 31/12/2009							
Account #	Account	Type	Dr/Cr	Header/Detail	Level	Balance	
1-0000	Assets	Asset	Debit	Header	1	HK\$945,208.00	
1-1000	Fixed Assets	Asset	Debit	Header	2	HK\$27,510.00	
1-1100	Fixtures & Fittings	Asset	Debit	Header	3	HK\$12,950.00	
1-1110	Fixtures & fittings at cost	Fixed Asset	Debit	Detail	4	HK\$129,500.00	
1-1120	Accumulated depreciation: F&F	Fixed Asset	Debit	Detail	4	(HK\$116,550.00)	
1-1200	Motor Vehicles	Asset	Debit	Header	3	HK\$14,560.00	
1-1210	Motor vehicles at cost	Fixed Asset	Debit	Detail	4	HK\$104,000.00	
1-1220	Accumulated depreciation: MV	Fixed Asset	Debit	Detail	4	(HK\$89,440.00)	
1-2000	Current Assets	Asset	Debit	Header	2	HK\$782,968.00	
1-2100	Cash On Hand	Asset	Debit	Header	3	HK\$530,738.00	
1-2110	Cash at bank	Bank	Debit	Detail	4	HK\$530,738.00	
1-2200	Accounts receivables	Accounts Receivable	Debit	Detail	3	HK\$157,480.00	1
1-2210	Prov for impairment loss on AR	Other Asset	Debit	Detail	3	(HK\$8,800.00)	
1-2300	Inventory	Other Asset	Debit	Detail	3	HK\$103,550.00	1
1-3000	Other Assets	Asset	Debit	Header	2	HK\$134,730.00	
1-3300	Investments	Other Asset	Debit	Detail	3	HK\$134,730.00	
2-0000	Liabilities	Liability	Credit	Header	1	HK\$581,250.00	
2-1000	Long-Term Liabilities	Liability	Credit	Header	2	HK\$245,000.00	
2-1100	Loan from M Bank	Other Liability	Credit	Detail	3	HK\$245,000.00	
2-2000	Current Liabilities	Liability	Credit	Header	2	HK\$336,250.00	
2-2200	Accounts payables	Accounts Payable	Credit	Detail	3	HK\$96,250.00	
2-2700	Other payables - loan from B Bank	Other Liability	Credit	Detail	3	HK\$240,000.00	
3-0000	Equity	Equity	Credit	Header	1	HK\$363,958.00	
3-1000	Owner's Equity	Equity	Credit	Header	2	HK\$343,740.00	
3-1200	Owner's Drawings	Equity	Credit	Detail	3	HK\$343,740.00	
3-9000	Current Year Earnings	Equity	Credit	Detail	2	HK\$20,218.00	
4-0000	Income	Income	Credit	Header	1	HK\$1,324,670.00	
4-1000	Sales	Income	Credit	Header	2	HK\$1,324,670.00	
4-1100	Sales	Income	Credit	Detail	3	HK\$1,341,760.00	
4-1200	Returns inwards	Income	Credit	Detail	3	(HK\$17,090.00)	
5-0000	Cost of Sales	Cost of Sales	Debit	Header	1	HK\$784,900.00	
5-0001	Opening inventory	Cost of Sales	Debit	Detail	2	HK\$94,360.00	1
5-1000	Purchases	Cost of Sales	Debit	Header	2	HK\$786,890.00	
5-1100	Purchases	Cost of Sales	Debit	Detail	3	HK\$805,430.00	
5-1200	Returns outwards	Cost of Sales	Debit	Detail	3	(HK\$18,540.00)	
5-2000	Carriage inwards	Cost of Sales	Debit	Detail	2	HK\$7,200.00	
5-3000	Closing inventory	Cost of Sales	Debit	Detail	2	(HK\$103,550.00)	1
6-0000	Expenses	Expense	Debit	Header	1	HK\$509,617.00	
6-1000	Advertising	Expense	Debit	Detail	2	HK\$8,340.00	
6-1050	Bank Charges	Expense	Debit	Detail	2	HK\$1,240.00	0.5
6-1051	Bad debts	Expense	Debit	Detail	2	HK\$31,640.00	
6-1052	Carriage outwards	Expense	Debit	Detail	2	HK\$13,840.00	
6-1100	Depreciation Expense	Expense	Debit	Detail	2	HK\$25,665.00	1
6-1200	Discounts	Expense	Debit	Header	2	HK\$9,752.00	
6-1210	Discounts allowed	Expense	Debit	Detail	3	HK\$9,752.00	
6-1300	Motor expenses	Expense	Debit	Detail	2	HK\$16,950.00	
6-1400	Insurance	Expense	Debit	Detail	2	HK\$12,500.00	
6-1500	Office expenses	Expense	Debit	Detail	2	HK\$71,500.00	

6-1900	Employment Expenses	Expense	Debit	Header	2	HK\$159,480.00	
6-1930	Wages & salaries	Expense	Debit	Detail	3	HK\$159,480.00	
6-2050	Rent	Expense	Debit	Detail	2	HK\$130,000.00	
6-2100	Rates	Expense	Debit	Detail	2	HK\$5,960.00	
6-2150	Miscellaneous expenses	Expense	Debit	Detail	2	HK\$8,760.00	0.5
6-2400	Services	Expense	Debit	Header	2	HK\$13,990.00	
6-2420	Electricity	Expense	Debit	Detail	3	HK\$13,530.00	0.5
6-2430	Water	Expense	Debit	Detail	3	HK\$460.00	0.5
8-0000	Other Income	Other Income	Credit	Header	1	HK\$33,095.00	0.5
8-1000	Interest Income	Other Income	Credit	Detail	2	HK\$19,560.00	0.5
8-1100	Discounts received	Other Income	Credit	Detail	2	HK\$5,525.00	
8-1200	Dividends received	Other Income	Credit	Detail	2	HK\$7,940.00	1
8-1400	Reversal of impairment loss-AR	Other Income	Credit	Detail	2	HK\$70.00	
9-0000	Other Expenses	Other Expense	Debit	Header	1	HK\$43,030.00	
9-1000	Loan interest	Other Expense	Debit	Detail	2	HK\$43,030.00	1
							10

(Total: 10 Marks)

[END OF COMPETITION]

Assessment Task 4

Suggested Answers for Test I (5%)

Section A – Multiple-choice questions

1. D	2. A	3. C	4. D	5. D	6. B	7. A	8. C	9. D	10. B
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(Total: 10 marks)

Section B – Long questions

Question 1

(a)

Queenie Co				
Statement of Comprehensive Income [1 mark]				
for the year ended 30 June 2010				
	Marks	\$'000	Marks	\$'000
Sales			[0.5]	43,700
Less: Cost of goods sold				
Opening inventory	[0.5]	1,400		
Add: Purchases	[0.5]	28,000		
		29,400		
Less: Closing inventory	[0.5]	1,136		28,264
Gross profit				15,436
Less: Operating expenses				
Administration expenses (\$2,400,000 – \$30,000)	[0.5]	2,370		
Provision for impairment loss on AR	[0.5]	39		
Accounting fee	[0.5]	20		
Bad debt	[0.5]	50		
Bank interest and charges (\$100,000 + \$15,000)	[0.5]	115		
Depreciation:				
– Plant and machinery [((\$10,600,000 – \$600,000) × 20%]	[1]	2,000		
– Motor vehicles (\$1,900,000 × 25%)	[0.5]	475		
Salaries and wages	[0.5]	1,600		
Selling expenses (\$4,000,000 + \$46,000)	[0.5]	4,046		10,715
Net profit				4,721

(8 marks)

(b)

Queenie Co

Statement of Financial Position as at 30 June 2010 [1 mark]

	Marks	\$'000	Marks	\$'000	Marks	\$'000
Non-current assets						
Plant and machinery			[0.5]	10,600		
Less: Accumulated depreciation (\$600,000 + \$2,000,000)			[0.5]	<u>2,600</u>		8,000
Motor vehicles			[0.5]	1,900		
Less: Accumulated depreciation (\$500,000 + \$475,000)			[0.5]	<u>975</u>		<u>925</u>
						8,925
Current assets						
Inventory			[0.5]	1,136		
Accounts receivable (\$2,000,000 – \$50,000)		[0.5]	1,950			
Less: Provision for impairment loss on AR		[0.5]	<u>39</u>			1,911
Prepayment			[0.5]	30		
Bank (\$4,200,000 – \$15,000)			[0.5]	<u>4,185</u>		<u>7,262</u>
Less: Current liabilities						
Accounts payable		[0.5]	700			
Accruals (\$46,000 + \$20,000)		[1]	<u>66</u>			<u>766</u>
Net current assets						<u>6,496</u>
						<u>15,421</u>
Financed by:						
Capital					[0.5]	10,700
Net profit					[0.5]	<u>4,721</u>
						<u>15,421</u>

(8 marks)

(c) (i)

Prudence

Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

(2 marks)

(ii)

Consistency

The consistency concept provides that the same accounting treatment should be applied consistently for like items within each accounting period and from one period to the next. Therefore, it has a consistent accounting treatment for like items.

(2 marks)

(Total: 20 marks)

Question 2

		Cash book			
2009	Marks	\$	2009	Marks	\$
31 Dec Balance b/d		186,400	31 Dec Accounts receivable		
			(i) – cheque		
			recorded twice	[2]	7,800
Accounts receivable			Overdraft interest		
(vii)	[2]	3,900	(ii)	[2]	2,660
			Accounts receivable		
			(iv) – dishonoured		
			cheque	[2]	19,000
			Insurance (vi)	[2]	6,000
			Balance c/d	[1]	154,840
		<u>190,300</u>			<u>190,300</u>

(11 marks)

(b) Bank reconciliation statement as at 31 December 2009			
	Marks		\$
Balance as per corrected cash book			154,840
Add: Unpresented cheques (iii)	[2]	8,800	
Bank errors (viii)	[2]	<u>20,000</u>	28,800
Less: Uncredited deposit (v)	[2]		<u>(36,680)</u>
Balance as per bank statement	[1]		<u>146,960</u>

(7 marks)

(c) A bank reconciliation statement provides:

- (i) verification of firm’s records with aspects “not yet known” by the bank such as uncredited deposits and unpresented cheques.
- (ii) verification of the amounts recorded as received and paid.
- (iii) a check on the time differences between when a deposit is recorded as received (or paid) and when it is banked (or withdrawn from bank).
- (iv) an update of the firm’s records with aspects “not yet known” by the firm, that is, direct deposits such as interest received, direct withdrawals such as bank fees and dishonoured cheques.
- (v) a check for errors in either the firm’s records or the bank’s records (as reported in the bank statement).

(Other valid answers are acceptable. Any one point, 2 marks in total)

(Total: 20 marks)

[END OF TEST I]

Assessment Task 6

Assessment Rubrics for Reflective Journal (5%)

Assessment Rubrics for Assessment Task (6) – Reflective Journal (5% of total marks)

Name:

Class:

STRN:

Course deliverer:

Descriptions				
Marks	Depth of knowledge	Accuracy and application of collected data	Relevance of the reflection	Presentation of work
4 (Excellent)	<ul style="list-style-type: none"> The student is well versed in the subject. Both qualitative and quantitative evidence is provided. Books / journals / other publications are cited in the journal. Local experts have also been consulted through interview or authentic interaction. Overall, the student shows a rich knowledge and deep understanding of the subject. 	<ul style="list-style-type: none"> The presented work is completely accurate and no errors are evident (indicating proofreading). Appropriate information from a wide range of sources has been collected and used to support views. Constructive application is found. 	<ul style="list-style-type: none"> The reflection completely matches the selected theme(s) of the assignment and the business situation of the study. Messages are characterised by conciseness, depth of insight into theoretical issues and relevance. 	<ul style="list-style-type: none"> The presentation of work is exceptionally clear in logical order and easy to follow. Work submitted is neat and attractively formatted. Text is free of grammatical and written errors.
3 (Good)	<ul style="list-style-type: none"> The student demonstrates good knowledge of the subject. Appropriate evidence is used to support his / her statements. Relevant referencing is made. Able to explain most parts of work in a clear and knowledgeable manner. 	<ul style="list-style-type: none"> The presented work is accurate with minor inaccuracies that do not affect overall result (indicating proofreading). However, student is unable to employ all relevant data collected to support views. Arguments were well supported anyway. 	<ul style="list-style-type: none"> The reflection matches the selected theme(s) of the assignment and the business situation of the study. Messages tend to provide good, general answers but not always directly address discussion topics. 	<ul style="list-style-type: none"> The presentation of work is generally clear and is able to follow. Only minor grammatical and written errors had been observed.
2 (Fair)	<ul style="list-style-type: none"> The student has a general knowledge of the subject. Referencing and supportive evidence is used but may not indicate a sophisticated knowledge of what it means. Unable to explain most portions of work in a clear manner. 	<ul style="list-style-type: none"> The presented work is inaccurate with common errors. Student is unable to employ most of the data collected to support views. Show little evidence of understanding and application of data collected. 	<ul style="list-style-type: none"> The focus of the reflection is not clear. Only parts of the selected theme(s) have been addressed. Messages tend to address peripheral issues. Content is accurate generally but with several omissions. 	<ul style="list-style-type: none"> The presentation of work lacks clarity and is difficult to follow. Grammatical and written errors are common.
1 (Needs Improvement)	<ul style="list-style-type: none"> The student has little knowledge of the subject. Many unsupported statements are used. Little evidence and referencing is evident. Demonstrates a simplistic view of the subject. 	<ul style="list-style-type: none"> Significant errors are evident. Views are not supported at all. Reflection made shows little relations with the authentic experience in business situation. 	<ul style="list-style-type: none"> The reflection is irrelevant to the selected theme of assignment. The theme(s) / is/ are not addressed at all. 	<ul style="list-style-type: none"> The presentation is unclear, unfocused and is impossible to follow. No logical order is displayed at all. Look more like a collage. Errors in text detract the message to be delivered.

Overall Marks: _____ M / 16 Comment/ Remark:

Zero mark may be given if the work submitted fails to meet the minimum requirement of the assessment standard.

Name of tutor: _____

Signature: _____

Date: _____

SAMPLE

HKDSE Applied Learning Course
Practical Accounting for SMEs
Reflective Journal
Due Date: 30-September-2011

Course Lecturer: Mr. A. Au
Student Name: Chan Tai Man
STRN No: 123456

Reflective Journal
Student Name: Chan Tai Man
Student ID: 123456

SAMPLE

Introduction

With great expectation, I started studying the class of Practical Accounting for SMEs. I heard that students would be able to learn accounting theory and accounting software (MYOB). Since I want to be an accountant in future, this course provides me with a learning opportunity.

I was very excited at the beginning of the course and anxious to know what I would achieve at the end. During this course, I made a lot of reflections through participations and tried to draw a conclusion from them. The reflections broadly focus on two aspects: my career path in the accounting profession and the ethical issue in business and accounting.

My Career Path in the Accounting Profession

After visited Hong Kong Institute of Accredited Accounting Technicians Limited (HKIAAT) and one accounting firm, I know that the Accredited Accounting Technician (AAT) qualification is very popular and widely recognized by the employers in Hong Kong. It has become the key requirement when recruiting accounting personnel. Even though I may not be able to study in university, I can still continue on a professional career path by taking the HKIAAT's examinations. As heard from the sharing of the accountant from the firm I visited, "A professional qualification like AAT is the first step for students to start their professional career. By obtaining a qualification you can show that you have reached the common industry standard and you will get recognition from different companies."

Yet the AAT qualification is a qualification with wide recognition. It offers us the opportunity to enter the accounting profession and advance our careers. Besides, by learning the MYOB application, I can apply the accounting knowledge in software and it is like working in a real company. My teacher always said it is important to learn the right knowledge with right applications. Having a professional qualification like the AAT is definitely one of the best steps towards this.

I also knew from the visit that after I obtained the AAT qualification, I can proceed further towards the professional qualification of being a Certified Public Accountant. This is the ultimate target I want to achieve in the accounting profession.

Ethical Issue in Business and Accounting

After the visit, I knew the importance of awareness and understanding of ethical concepts and the issues in the accounting profession and general business environment. As mentioned by the accountant of the accounting firm, we have to follow the professional accounting ethical rules of the Hong Kong Institute of Certified Public Accountants.

Reflective Journal

Student Name: Chan Tai Man

Student ID: 123456

SAMPLE

Besides, we need to apply the knowledge in ethics to current accounting and business ethical problems and know how to deal with them appropriately, such as how to deal with some unlawful acts by clients or employers or ethical issues in tax practice and business especially when we are providing accounting services or advices to our clients. I also heard from him that being a professional accountant, our responsibilities for the prevention of corruption and fraud is very important as well. Therefore, we have to be an ethical accountant.

Ethical Issue in William's Case

Being an auditor of an audit firm, we have to maintain high standard of ethics and independency from clients. Besides, we have to avoid any conflict of interest. Everyone in the commercial world of Hong Kong is familiar with the concept of bribe and corruption. The cash prize of \$100,000 from the lucky draw may be too large and that people may think of making an offer of gift to someone and ask for some favours. Therefore, William is suggested not to receive the cash prize in order to keep his independency from his clients and avoid any suspicion of bribery. He should return the cash prize to his client and report this situation to his supervisor.

Conclusion

To draw a conclusion from this reflective journal, I would say that I have improved myself a lot and learnt so much by studying this course and visiting the accounting firm. No matter what, I had a wonderful and knowledgeable experience in this course. In the coming days, I will continue my study in this course and to be a professional accountant. I like this course very much!

Reflective Journal
Student Name: Chan Tai Man
Student ID: 123456

Assessment Task 7

Assessment Rubrics for Project II (20%)

Assessment Rubrics for Assessment Task (7): Project II – Written Report (12% of total marks)

Name: _____

Class: _____

STRN: _____

Course deliverer: _____

Descriptions			
Marks	Depth of knowledge	Analytical and evaluation skills	Level of study
4 (Excellent)	<ul style="list-style-type: none"> The student is well versed in the subject. Both qualitative and quantitative evidence is provided. Books / journals / other publications are cited in the report. Local experts have also been consulted through interview or authentic interaction. Overall, the student shows a rich knowledge and thorough understanding of the subject. 	<ul style="list-style-type: none"> Able to think conceptually about the given topic and able to apply relevant knowledge. Able to select from the available information, e.g. critically evaluate the information for relevance, accuracy and suitability for the intended purpose. Demonstrate conciseness, clarity of argument, depth of insight into theoretical issues. Arguments well supported. Constructive comments are found. Include both descriptive and analytical components. 	<ul style="list-style-type: none"> The work is completely original. Findings have been deeply analysed to develop relevant conclusions. Strengths and weaknesses of the study are evaluated thoroughly. Comprehensive and feasible suggestions for improvement are made.
3 (Good)	<ul style="list-style-type: none"> The student demonstrates good knowledge of the subject. Appropriate evidence is used to support his / her statements. Relevant referencing is made. Able to explain most parts of work clearly. 	<ul style="list-style-type: none"> Able to think conceptually about the given topic and able to apply relevant knowledge. Tend to select from the available information. Tend to provide good and general answers but may not always directly address discussion topics. Willing to critically evaluate the works done with constructive comments. 	<ul style="list-style-type: none"> The work is mostly original. Findings are analysed to develop conclusions. Strengths and weaknesses of the study are evaluated. Some suggestions for improvement are made.
2 (Fair)	<ul style="list-style-type: none"> The student has a general knowledge of the subject. Referencing and supportive evidence is used but may not indicate sufficient knowledge of what it means. Unable to explain most portions of work in a clear manner. 	<ul style="list-style-type: none"> Able to think conceptually about the given topic and able to apply relevant knowledge. Tend to select from the available information. Tend to address peripheral issues. Content is generally accurate, but with some omissions. Tendency to recite facts or provide opinions rather than address issues. 	<ul style="list-style-type: none"> The work relies on similar work by others. Few new ideas/ viewpoints are evident. Findings of the project show little relation to the conclusion drawn. Little evaluation of the strengths and weaknesses is evident. Few suggestions for improvement are made.
1 (Needs Improvement)	<ul style="list-style-type: none"> The student has little knowledge of the subject. Many unsupported statements are used. Little evidence and referencing is evident. Demonstrates a simplistic view of the subject. 	<ul style="list-style-type: none"> Unable to think conceptually about the given topic and apply relevant knowledge. Show little knowledge on relevant topics and unable to apply it appropriately. 	<ul style="list-style-type: none"> Copying of work may be evident. Effort in creation of own work is not evident. Conclusions are drawn without reference to the findings. No evaluation of the strengths and weaknesses is made. Suggestions for improvement are lacking.
		<ul style="list-style-type: none"> The presentation of work is exceptionally clear in logical order and easy to follow. Work submitted is neat and attractively formatted. Text is free of grammatical and written errors. 	
		<ul style="list-style-type: none"> The presentation of work is generally clear and is able to follow. Only minor grammatical and written errors had been observed. 	
		<ul style="list-style-type: none"> The presentation of work lacks clarity and is difficult to follow. Grammatical and written errors are common. 	
		<ul style="list-style-type: none"> The presentation is unclear, unfocused and is impossible to follow. No logical order is displayed at all. Look more like a collage. Errors in text detract the message to be delivered. 	

Overall Marks: _____ M / 16 Comment/ Remark: _____

Zero mark may be given if the work submitted fails to meet the minimum requirement of the assessment standard.

Name of tutor: _____

Signature: _____

Date: _____

Assessment Rubrics for Assessment Task (7): Project II – Oral Presentation (8% of total marks)

Name: _____ Class: _____

STRN: _____ Course deliverer: _____

Descriptions			
Marks	Organisation	Expression of ideas and elaborations	Delivery techniques
4 (Excellent)	<ul style="list-style-type: none"> Managing time effectively, this involves meeting requirements set by team members. Demonstrate good understanding on how information is organised, e.g. understand different forms of production and presentation of information Able to design good presentation. 	<ul style="list-style-type: none"> All information and ideas are clearly expressed. In presentation, the topic is introduced and ideas are developed properly and linked in an orderly way. There is an appropriate introduction and conclusion. When appropriate, ideas are further elaborated for better understanding. 	<ul style="list-style-type: none"> Pace and volume are sustained appropriately without hesitation. Communication is supported with diversified features including intonation, word stress and appropriate body language. Able to establish connections with team members through exchange of ideas.
3 (Good)	<ul style="list-style-type: none"> Good time management. Demonstrate fair understanding on how information is organised, e.g. present the information suitably for the intended purpose. Good presentation format. 	<ul style="list-style-type: none"> Most information and ideas are clearly expressed. Ideas are developed in an orderly way and elaborated most of the time. 	<ul style="list-style-type: none"> Intonation, volume and pace are generally appropriate to convey meaning. Some features of body language support communication. (e.g. eye contact) Participate fairly by taking part and sharing.. Able to negotiate with other team members before answering questions. Willing to share ideas with other team members.
2 (Fair)	<ul style="list-style-type: none"> Fair time management. Information is fairly organised, e.g. able to design how to present the information. Fair presentation format e.g. information is available in presentation. 	<ul style="list-style-type: none"> Some simple and straightforward ideas are expressed clearly. Occasional details are added to describe or explain ideas. 	<ul style="list-style-type: none"> Intonation, volume and pace are sometimes appropriate enough to be understood. Little features have been employed to facilitate communication. Little participation but still involve in discussion. Try to negotiate with other team members before answering questions.
1 (Needs Improvement)	<ul style="list-style-type: none"> Poor time management. Poor organisation of information collected. 	<ul style="list-style-type: none"> Expression of information and ideas is unclear and irrelevant. No elaboration has been observed. 	<ul style="list-style-type: none"> Poor delivery techniques make presentation difficult to follow. Irrelevant body movement distracts the focus of the audience. No participation, team members only do their own work. Cannot persuade other team members to change their minds to suit all parties.

Overall Marks: _____ M / 16 Comment/ Remark:

Zero mark may be given if the work submitted fails to meet the minimum requirement of the assessment standard.

Name of tutor: _____

Signature: _____

Date: _____

Assessment Task 8

Suggested Answers for Test II (5%)

A1. (a), (c) and (d) In formulae:

	A	B	C	D	E	F	G	H
1	Student Name						} Layout [2 marks]	
2	Estimated Sales and Costs at Various Sales Levels							
3	For the month ended 31 January 2010							
4	Level of sales in units							
5		Case 1	Case 2	Case 3	Case 4	Case 5		
6	Sales units	0	100000	200000	300000	400000		
7		\$	\$	\$	\$	\$		
8	Sales	=\$B\$15*B6	=\$B\$15*C6	=\$B\$15*D6	=\$B\$15*E6	=\$B\$15*F6	} [20 figures at 0.5 mark each, total 10 marks]	
9								
10	Variable costs	=SUM(B22:B25)	=SUM(C22:C25)	=SUM(D22:D25)	=SUM(E22:E25)	=SUM(F22:F25)		
11	Fixed costs	9000000	9000000	9000000	9000000	9000000		
12	Total costs	=\$B10+B11	=\$C10+C11	=\$D10+D11	=\$E10+E11	=\$F10+F11		
13								
14		Per unit						
15	Selling price	180						
16	Direct material cost	15						
17	Direct labour cost	60						
18	Selling expenses	0.02						
19	Variable overhead	20						
20								
21	Variable costs:							
22	Direct material	=\$B\$16*B6	=\$B\$16*C6	=\$B\$16*D6	=\$B\$16*E6	=\$B\$16*F6	} [20 figures at 0.5 mark each, total 10 marks]	
23	Direct labour	=\$B\$17*B6	=\$B\$17*C6	=\$B\$17*D6	=\$B\$17*E6	=\$B\$17*F6		
24	Selling expenses	=\$B\$18*B6	=\$B\$18*C6	=\$B\$18*D6	=\$B\$18*E6	=\$B\$18*F6		
25	Variable overhead	=\$B\$19*B6	=\$B\$19*C6	=\$B\$19*D6	=\$B\$19*E6	=\$B\$19*F6		
26								
27								
28	Receipt at maturity:	1000000						[0.5 mark]
29	Monthly interest rate:	=0.08/12						[0.5 mark]
30	Number of periods:	3						[0.5 mark]
31								
32	Deposit on 1 January 2010	=B28/(1+B29)^B30 =PV(B29,B30,0,-B28)	or					[0.5 mark]
33								[2 marks for part (c)]
34								

	A	B	C	D	E	F	G	H
35		January	February	March	April			
36		\$	\$	\$	\$			
37	Sales	=+E8	=+B37*Sales_Growth	=+C37*Sales_Growth	=+D37*Sales_Growth			[4 figures at 0.25 mark each, total 1 mark]
38								
39		Student Name						
40		Cash Budget for 1st Quarter ended 31 March 2010						} Layout [1.5 marks]
41		January	February	March	Quarter end			
42	Cash receipts:							
43	3-month time deposit matured			=+B28	=SUM(B43:D43)			} [16 figures at 0.5 mark each, total 8 marks]
44	Collection from customers							
45	December sales	=36100000*Month_Later			=SUM(B45:D45)			
46	January sales	=+B37*Same_Month	=+B37*Month_Later		=SUM(B46:D46)			
47	February sales		=+C37*Same_Month	=+C37*Month_Later	=SUM(B47:D47)			
48	March sales			=+D37*Same_Month	=SUM(B48:D48)			
49	Total receipts	=SUM(B43:B48)	=SUM(C43:C48)	=SUM(D43:D48)	=SUM(E43:E48)			
50								
51	Cash disbursements:							
52	Purchases	=(C37*Purchases_as_a_percentage_of_sales)/2	=+D37*Purchases_as_a_percentage_of_sales	=+E37*Purchases_as_a_percentage_of_sales	=SUM(B52:D52)			} [18 figures at 0.5 mark each, total 9 marks]
53	Variable costs	=+B37*Variable_costs	=+C37*Variable_costs	=+D37*Variable_costs	=SUM(B53:D53)			
54	Fixed costs	=+Fixed_costs	=+Fixed_costs	=+Fixed_costs	=SUM(B54:D54)			
55	Placed in 3-month time deposit	=+B32			=SUM(B55:D55)			
56	Total disbursements	=SUM(B52:B55)	=SUM(C52:C55)	=SUM(D52:D55)	=SUM(E52:E55)			
57								
58	Cash receipts less disbursements	=+B49-B56	=+C49-C56	=+D49-D56	=+E49-E56			} [11 figures (excluding B59) at 0.5 mark each, total 5.5 marks]
59	Cash balance, opening	1500000	=+B60	=+C60	=+B59			
60	Cash balance, closing	=+B59+B58	=+C59+C58	=+D59+D58	=+E59+E58			
61								
62	Sales growth factor per month	1.02						} [6 input data at 1 mark each, total 6 marks]
63	Debts collected in the same month	0.6						
64	Debts collected 1 month later	0.4						
65	Purchases as a percentage of sales	0.4						} [6 names created at 1 mark each, total 6 marks]
66	Variable costs	0.45						
67	Fixed costs	=B11-2000000						
68								
69								[37 marks for part (d)]

A1. (a), (c) and (d) In values (for reference only):

	A	B	C	D	E	F	G	H	
1	Student Name						} Layout [2 marks]		
2	Estimated Sales and Costs at Various Sales Levels								
3	For the month ended 31 January 2010								
4	Level of sales in units								
5		Case 1	Case 2	Case 3	Case 4	Case 5			
6	Sales units	0	100,000	200,000	300,000	400,000			
7		\$	\$	\$	\$	\$			
8	Sales	0	18,000,000	36,000,000	54,000,000	72,000,000	} [20 figures at 0.5 mark each, total 10 marks]		
9									
10	Variable costs	0	9,502,000	19,004,000	28,506,000	38,008,000			
11	Fixed costs	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000			
12	Total costs	9,000,000	18,502,000	28,004,000	37,506,000	47,008,000			
13									
14		Per unit							
15	Selling price	180							
16	Direct material cost	15							
17	Direct labour cost	60							
18	Selling expenses	0.02							
19	Variable overhead	20							
20									
21	Variable costs:								
22	Direct material	0	1,500,000	3,000,000	4,500,000	6,000,000	} [20 figures at 0.5 mark each, total 10 marks]		
23	Direct labour	0	6,000,000	12,000,000	18,000,000	24,000,000			
24	Selling expenses	0	2,000	4,000	6,000	8,000			
25	Variable overhead	0	2,000,000	4,000,000	6,000,000	8,000,000			
26									
27							[22 marks for part (a)]		
28	Receipt at maturity:	1,000,000							[0.5 mark]
29	Monthly interest rate:	0.0067							[0.5 mark]
30	Number of periods:	3.00							[0.5 mark]
31									
32	Deposit on 1 January 2010	980,264							[0.5 mark]
33							[2 marks for part (c)]		
34									

	A	B	C	D	E	F	G	H
35		January	February	March	April			
36		\$	\$	\$	\$			
37	Sales	54,000,000	55,080,000	56,181,600	57,305,232			[4 figures at 0.25 mark each, total 1 mark]
38								
39		Student Name						
40		Cash Budget for 1st Quarter ended 31 March 2010						Layout [1.5 marks]
41		January	February	March	Quarter end			
42	Cash receipts:							
43	3-month time deposit matured			1,000,000	1,000,000			[16 figures at 0.5 mark each, total 8 marks]
44	Collection from customers							
45	December sales	14,440,000			14,440,000			
46	January sales	32,400,000	21,600,000		54,000,000			
47	February sales		33,048,000	22,032,000	55,080,000			
48	March sales			33,708,960	33,708,960			
49	Total receipts	46,840,000	54,648,000	56,740,960	158,228,960			
50								
51	Cash disbursements:							
52	Purchases	11,016,000	22,472,640	22,922,093	56,410,733			[18 figures at 0.5 mark each, total 9 marks]
53	Variable costs	24,300,000	24,786,000	25,281,720	74,367,720			
54	Fixed costs	7,000,000	7,000,000	7,000,000	21,000,000			
55	Placed in 3-month time deposit	980,264			980,264			
56	Total disbursements	43,296,264	54,258,640	55,203,813	152,758,717			
57								
58	Cash receipts less disbursements	3,543,736	389,360	1,537,147	5,470,243			[11 figures (excluding B59) at 0.5 mark each, total 5.5 marks]
59	Cash balance, opening	1,500,000	5,043,736	5,433,096	1,500,000			
60	Cash balance, closing	5,043,736	5,433,096	6,970,243	6,970,243			
61								
62	Sales growth factor per month	102%						[6 input data at 1 mark each, total 6 marks]
63	Debts collected in the same month	60%						
64	Debts collected 1 month later	40%						
65	Purchases as a percentage of sales	40%						
66	Variable costs	45%						
67	Fixed costs	7,000,000						
68								[6 names created at 1 mark each, total 6 marks]
69								

[37 marks for part (d)]

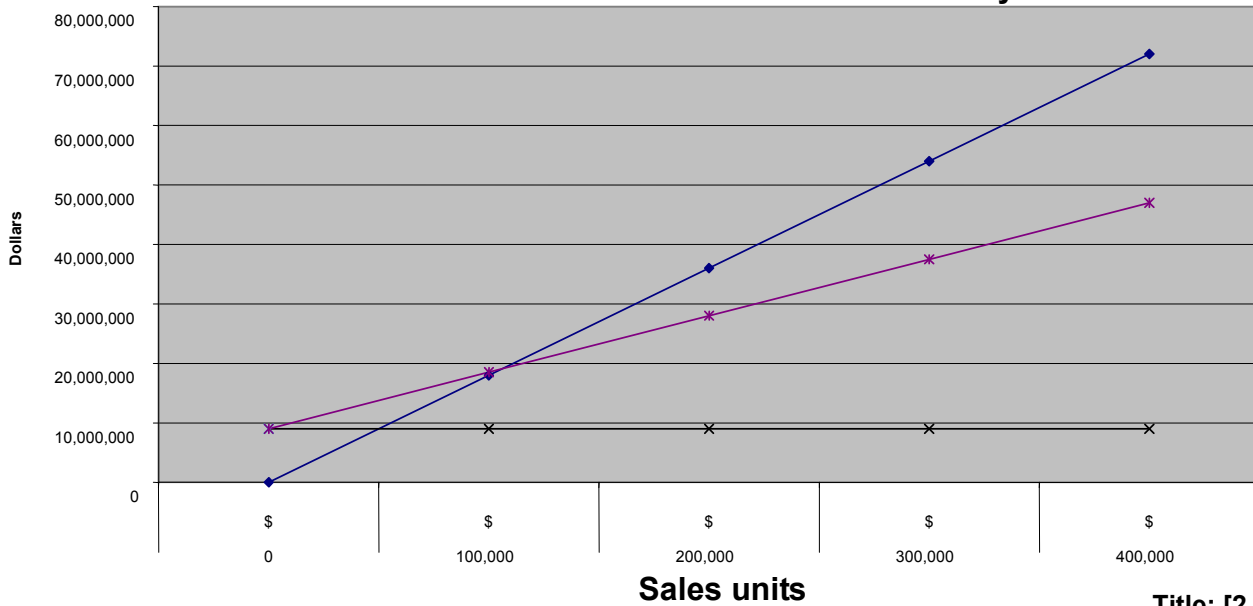
A1. (b)

Title: [2 marks]

Student Name

[1 mark]
 [2 marks]

Break-even Chart - LAN5 for Sales in January 2010



[2 marks]
 [No mark
 for 4 lines]

Legend: Sales (blue diamond), Fixed costs (black cross), Total costs (purple asterisk)

[3 marks]
 [2 marks only if legend
 includes variable cost]

Title: [2 marks]

Overall presentation: [2 marks]

(14 marks)

(Total: 75 marks)

Section B – Long questions

B1. (a) (i)

FIFO

Date	Receipts			Issue			Balance			Marks
	Qty	cost/unit	\$	Qty	cost/unit	\$	Qty	cost/unit	\$	
July	850	5	4,250	400	5	2,000	450	5	2,250	[1.25]
August				300	5	1,500	150	5	750	[0.75]
September	600	6	3,600				150	5	750	[0.75]
							600	6	3,600	[0.25]
October				150	5	750				[0.5]
				250	6	1,500	350	6	2,100	[0.75]
November	200	7	1,400				350	6	2,100	[0.75]
							200	7	1,400	[0.25]
December				200	6	1,200	150	6	900	[0.75]
							200	7	1,400	[0.25]
			<u>9,250</u>			<u>6,950</u>				<u>6.25</u>

(ii)

LIFO

Date	Receipts			Issue			Balance			Marks
	Qty	cost/unit	\$	Qty	cost/unit	\$	Qty	cost/unit	\$	
July	850	5	4,250	400	5	2,000	450	5	2,250	[1.25]
August				300	5	1,500	150	5	750	[0.75]
September	600	6	3,600				150	5	750	[0.75]
							600	6	3,600	[0.25]
October				400	6	2,400	150	5	750	[0.75]
							200	6	1,200	[0.25]
November	200	7	1,400				150	5	750	[0.75]
							200	6	1,200	[0.25]
							200	7	1,400	[0.25]
December				200	7	1,400	150	5	750	[0.75]
							200	6	1,200	
			<u>9,250</u>			<u>7,300</u>				<u>6</u>

(iii)

Weighted average

Date	Qty	Receipts cost/unit	\$	Qty	Issue cost/unit	\$	Qty	Balance cost/unit	\$	Marks
July	850	5	4,250	400	5	2,000	450	5	2,250	[1]
August				300	5	1,500	150	5	750	[0.75]
September	600	6	3,600				750	5.8	4,350	[1]
October				400	5.8	2,320	350	5.8	2,030	[1]
November	200	7	1,400				550	6.24	3,430	[1]
December				200	6.24	1,248	350	6.24	2,184	[1]
			<u>9,250</u>			<u>7,068</u>				<u>5.75</u>

[Format: 2 marks]

(20 marks)

(b)

	<u>FIFO</u>	Marks	<u>LIFO</u>	Marks	<u>Weighted average</u>	Marks
Sales	\$		\$		\$	
July	3,200		3,200		3,200	
August	2,700		2,700		2,700	
September	0		0		0	
October	4,200		4,200		4,200	
November	0		0		0	
December	2,400		2,400		2,400	
	<u>12,500</u>		<u>12,500</u>		<u>12,500</u>	
Less: COGS	<u>6,950</u>	[0.5]	<u>7,300</u>	[0.75]	<u>7,068</u>	[0.75]
Gross profit	<u>5,550</u>	[1]	<u>5,200</u>	[1]	<u>5,432</u>	[1]

(5 marks)

(Total: 25 marks)

[END OF TEST II]



Hong Kong Institute of
Accredited Accounting Technicians
香港財務會計協會

New Senior Secondary Applied Learning Course

Examination Pilot Paper

Practical Accounting for Small and Medium Enterprises



Hong Kong Institute of
Accredited Accounting Technicians
香港財務會計協會

Pilot Examination Paper

Applied Learning Course

Practical Accounting for Small and Medium Enterprises

Examination I

This paper must be answered in English
and completed within 2 hours 30 minutes

INSTRUCTION TO CANDIDATES

- (1) Do not open this paper until instructed to do so by the Invigilator.
- (2) Candidates will have 2 hours 30 minutes to answer the question paper and print all the necessary reports. This paper contains THREE sections, Section A, Section B and Section C.
- (3) Candidates will receive one answer cover sheet and two answer sheets. Write all the answers of **Sections A and C** in **Answer Sheets (1) and (2)**. Put the answer cover sheet and answer sheets followed by printouts. Invigilator will staple them together during collection.
- (4) A USB storage drive is already inserted in your computer. Use the USB storage drive to backup your data from time to time to avoid any unexpected loss of data during the examination.
- (5) An Accounts List is included in the Appendix at the end of this examination paper for candidate's reference.
- (6) All calculations must be shown.
- (7) All the printouts must be collected from printers by the Invigilator. Invigilator will distribute the printouts to candidates according to their candidate numbers and specific codes.
- (8) Any candidates wish to leave the examination centre while the examination is still in process must get the permission of the Invigilator before leaving the centre.
- (9) The question paper and crossed-out printouts, if any, must also be returned at the end of the examination.

Section A : Multiple-choice Questions (20 marks)

This section contains 20 questions. Answer ALL the questions. Choose the best answer for each question. Each carries 1 mark.

1. The value of a non-current asset at the end of its useful life is known as _____.

- A book value
- B par value
- C market value
- D None of the above

2. Based on the following information, calculate the total sales for the year 2009.

Cash received from credit customers	\$955,000
Cash sales	\$45,000
Accounts receivable, 1 January 2009	\$88,000
Accounts receivable, 31 December 2009	\$46,000
Discounts allowed	\$4,000
Bad debts	\$22,000

- A \$939,000
- B \$958,000
- C \$980,000
- D \$984,000

3. Debit side of a _____ account represents increase.

- A purchases returns
- B liabilities
- C drawings
- D capital

4. Provision for Impairment Loss on AR is a(n) _____ account.

- A contra asset
- B liability
- C capital
- D expense

5. Based on the following information, calculate the amount of purchases.

Opening inventory	\$117,000
Net profit	\$231,000
Carriage inwards	\$21,000
Closing inventory	\$71,000
Operating expenses	\$121,000
Sales	\$828,000

- A \$597,000
B \$476,000
C \$430,000
D \$409,000
6. The accounting treatment for like items of an enterprise should be the same from one accounting period to the next. This is known as the _____ concept.
- A comparability
B consistency
C materiality
D usefulness
7. Seven Seas Company sold goods for \$250,000 on credit to Chun Hing Company on 1 September 2009. The sales term was 10/15, 5/30, net 60. Chun Hing Company settled the outstanding amount on 25 September 2009, and the payment was _____.
- A \$250,000
B \$237,500
C \$225,000
D None of the above
8. Which of the following events is **NOT** an accounting transaction and no accounting entry is required for?
- A Buying furniture
B Buying goods
C Selling goods
D Recruiting clerks
9. Which of the following is **NOT** an expense of a company?
- A Owner's life insurance
B Labour insurance
C Cleaning cost
D Water and electricity

10. Which of the following is the effect of overstating ending inventory?
- A Total assets will be overstated.
 - B Cost of goods sold will be overstated.
 - C Net profit will be understated.
 - D Net purchases will be understated.
11. Which of the following is correct?
- A net purchases = purchases + purchases returns + carriage inwards
 - B net purchases = purchases + purchases returns – carriage inwards
 - C net purchases = purchases – purchases returns + carriage inwards
 - D net purchases = purchases – purchases returns – carriage inwards
12. Which of the following accounting concepts is correct?
- A “Business entity” means all the transactions related to the activities of the company should be recorded in the company’s books of accounts.
 - B “Realisation” means that income from credit sales should be recorded in the books of accounts no matter the goods are delivered to the customers or not.
 - C “Historical cost” means that assets are stated at their current market price.
 - D None of the above.
13. Which of the following descriptions is **INCORRECT**?
- A Petty cash book is used to handle small cash expenditures.
 - B Accounts payable is used to record all the credit purchases and payments to the suppliers.
 - C Purchases journal is used to record all the cash purchases.
 - D Accounts receivable is used to record all the credit sales and payments from the customers.
14. The purpose of the trial balance is to _____.
- A indicate whether total debits equal total credits
 - B ensure that all transactions have been recorded
 - C speed up the collection of cash receipts from customers
 - D increase assets and owner’s equity
15. Depreciation is defined as _____.
- A allocation of the non-current asset’s market value to expense over its useful life
 - B allocation of the non-current asset’s cost to expense over its useful life
 - C decreases in the non-current asset’s market value over its useful life
 - D increases in the fund set aside to replace the non-current asset when it is worn out

16. A cheque which was issued by a firm and sent to a creditor has not yet appeared on the firm's bank statement. This cheque is known as _____.
- A a standing order
 - B a dishonoured cheque
 - C a credit transfer
 - D an outstanding cheque
17. Owner's withdrawal of goods from the company causes _____ in purchases.
- A an increase
 - B a decrease
 - C no change
 - D None of the above
18. The cost of a particular non-current asset was \$100,000 at the beginning of the first year. It was expected to have a useful life of 5 years and a scrap value of \$16,807. Reducing balance method of 30% per annum was adopted for calculating depreciation. The depreciation expense for the third year should be _____.
- A \$14,700.00
 - B \$16,638.60
 - C \$20,000.00
 - D \$30,000.00
19. The report showing assets, liabilities and equity of an enterprise is called _____.
- A financial statements
 - B statement of comprehensive income
 - C statement of financial position
 - D statement of cash flows
20. Based on the following information about the bank reconciliation statement, what is the amount of uncredited cheque?

Balance per cash book	\$173,400
Balance per bank statement	\$164,700
Unrecorded dishonoured cheque	\$13,000
Unpresented cheque	\$38,500
Unrecorded bank charges	\$1,500

- A \$32,700
- B \$35,700
- C \$58,700
- D \$61,700

(Total: 20 marks)

* * * End of Section A * * *

Section B: Computerised Questions (60 Marks)

This section contains 6 questions. Answer ALL the questions. Marks are indicated at the end of each question.

Pilot Co. started to use MYOB accounting software on 1 November 2009 for recording business transactions. The business buys books and sells them to retailers. Its financial year ends on 31 December.

- (1) You should use your “**Candidate Number + Specific Code**” and “**Room 1203 Mongkok Commercial Building Kowloon**” as the company name and address for printout identification.
- (2) Use the default chart of accounts of “**Other**” industry and “**Sole Proprietorship**” business to modify the names of accounts as per the appendix. The accounts to be modified or used are underlined for easy reference.
- (3) Check the “Link Accounts” in the set up of MYOB to see whether they are properly linked. Amend them if necessary.
- (4) Input the following balances as at 1 November 2009:

Trial balance as at 1 November 2009

	Dr	Cr
	\$	\$
Office equipment at cost	240,000	
Office equipment accum dep		80,000
Bank	450,200	
Accounts receivable	400,000	
Provision for impairment loss on AR		68,000
Motor vans at cost	320,000	
Motor vans accum dep		128,000
Inventory	123,000	
Accounts payable		350,000
Loan from ABC Bank		400,000
Capital		461,200
Sales		1,497,000
Accrued rent		20,000
Cost of goods sold	650,000	
Bank loan interest	10,000	
Utilities	75,000	
Insurance	85,000	
Sundry expenses	92,000	
Rent and rates	180,000	
Wages and salaries	250,000	
Carriage outwards	45,000	
Motor expenses	93,000	
Discounts allowed	36,000	
Discounts received		45,000
	3,049,200	3,049,200

Accounts Receivable

Customer		Invoice		Invoice	
<u>Name</u>	<u>Number</u>	<u>Terms</u>	<u>Date</u>	<u>Number</u>	<u>Amount (\$)</u>
AA Ltd	AR001	5/30, net 60	13 Feb 2009	S2211	20,000
BB Ltd	AR002	5/30, net 60	20 May 2009	S5502	180,000
CC Ltd	AR003	5/30, net 90	22 Jun 2009	S6771	95,000
DD Ltd	AR004	5/30, net 90	26 Aug 2009	S8765	<u>105,000</u>
				Total	<u>400,000</u>

Accounts Payable

Supplier	Supplier		Invoice	Invoice	
<u>Name</u>	<u>Number</u>	<u>Terms</u>	<u>Date</u>	<u>Number</u>	<u>Amount (\$)</u>
PP Ltd	AP001	5/30, net 90	23 Jul 2009	P723	133,000
QQ Ltd	AP002	5/30, net 60	29 Sep 2009	Q929	110,000
RR Ltd	AP003	5/30, net 60	21 Oct 2009	R1021	<u>107,000</u>
				Total	<u>350,000</u>

Inventory

Item	Item	Unit	
<u>Number</u>	<u>Name</u>	<u>Cost (\$)</u>	<u>Quantity</u>
A-001	Accounting book	50	1,400
M-002	Music book	30	700
C-003	Computer book	40	800

(5) Enter the following transactions for November and December 2009:

- 2 November Paid the following expenses by cheques:
- (a) \$40,000 rent included accrued rent for October (cheque number: 223455)
 - (b) \$25,000 salaries (cheque number: 223456)
 - (c) \$2,000 rates (cheque number: 223457)
 - (d) \$12,000 insurance for the period from 1 November 2009 to 31 October 2010 (cheque number: 223458)
- 5 November Created the following new supplier and customer accounts:
- (a) Supplier: SS Ltd; Supplier Number: AP004; Terms: 5/30, net 90.
(Address: Room 401, Hing Wah Center, Yaumatei, Kowloon)
 - (b) Customer: EE Ltd; Customer Number: AR005; Terms: 5/30, net 60.
(Address: Room 2203, Queen's Building, Central, Hong Kong)
- 10 November Purchased goods on credit from the following suppliers:
- (a) PP Ltd \$70,000 [1,000 units of Accounting book (Item number: A-001) for \$50 each and 500 units of Computer book (Item number: C-003) for \$40 each]; invoice number P1234
 - (b) QQ Ltd \$85,000 [1,500 units of Music book (Item number: M-002) for \$30 each and 1,000 units of Computer book (Item number: C-003) for \$40 each]; invoice number Q2468

- (c) SS Ltd \$60,000 [2,000 units of Music book (Item number: M-002) for \$30 each]; invoice number S5566
- 17 November Sold goods on credit to the following customers:
- (a) AA Ltd \$200,000 [1,000 units of Accounting book (Item number A-001) for \$150 each and 500 units of Computer book (Item number C-003) for \$100 each]; invoice number S9132
 - (b) CC Ltd \$260,000 [2,000 units of Music book (Item number M-002) for \$90 each and 800 units of Computer book (Item number C-003) for \$100 each]; invoice number S9133
 - (c) EE Ltd \$108,000 [1,200 units of Music book (Item number M-002) for \$90 each]; invoice number S9134
- 25 November Goods returned from EE Ltd for invoice number S9134 amounting to \$1,800 [20 units of Music book (Item number M-002) for \$90 each] (Credit note CN9134).
- 1 December Paid the following expenses by cheques:
- (a) \$13,300 carriage outwards (cheque number: 223459)
 - (b) \$20,000 rent (cheque number: 223460)
 - (c) \$12,000 motor expenses (cheque number: 223461)
- 8 December Deposited all the cheques received from the following customers into the bank:
- (a) AA Ltd for invoice number S2211 (Ref: R211)
 - (b) CC Ltd for invoice number S6771 (Ref: R212)
 - (c) EE Ltd for invoice number S9134 (Ref: R213)
- Discounts have been given to customers for payments according to the credit terms.
- 16 December Paid the following expenses by cheques:
- (a) \$7,500 sundry expenses (cheque number: 223462)
 - (b) \$3,800 utilities (cheque number: 223463)
 - (c) \$25,000 salaries (cheque number: 223464)
- 18 December Issued cheques to pay the following suppliers:
- (a) PP Ltd for invoice number P1234 (cheque number: 223465)
 - (b) RR Ltd for invoice number R1021 (cheque number: 223466)

(c) QQ Ltd for invoice number Q2468 (cheque number: 223467)
Discounts have been received from the suppliers for payments according to the credit terms.

- (6) Complete the following adjusting entries:
- (i) Accrued bank loan interest as at 31 December 2009 was \$10,000.
 - (ii) The owner withdrew \$2,000 cash from bank for personal use (Ref: R214).
 - (iii) Depreciation was to be provided at 25% per annum on office equipment using the straight-line method and at 35% per annum for motor van on the reducing balance method. The company's depreciation policy was to provide a full year's depreciation in the year of purchase and none in the year of disposal.
 - (iv) The company received a bank statement which showed a balance of \$329,840 as at 31 December 2009. The following discrepancies were found:
 - a. bank charges \$450 (Ref: R215)
 - b. Unpresented cheques:
 - i. cheque no. 223463
 - ii. cheque no. 223467

REQUIRED:

Prepare the following reports:

1. **Trial balance summary for the period from 1 November to 31 December 2009. (Exclude accounts with no activity)**
(17 marks)
 2. **The sales invoice S9134 and purchase invoice S5566. (Using the form of "MYOB Premier Plus's Plain Paper Invoice")**
(10 marks)
 3. **Statement of comprehensive income for the year ended 31 December 2009.**
(4 marks)
 4. **Statement of financial position as at 31 December 2009.**
(4 marks)
 5. **Bank register for the period from 1 November to 31 December 2009.**
(18 marks)
 6. **Bank reconciliation statement as at 31 December 2009.**
(7 marks)
- (Total: 60 marks)**

*** * * End of Section B * * ***

Section C: Short Questions (20 marks)

This section contains 4 questions. Answer ALL the questions. Each carries 5 marks.

1. Explain the petty cash imprest system.
2. Define the accounting concepts of **materiality** and **money measurement**.
3. State **TWO** reasons for preparing a bank reconciliation statement.
4. Explain the purpose of providing depreciation on non-current assets.

(Total: 20 marks)

*** * * End of Examination Paper * * ***

Appendix

Candidate Number + Specific Code						
Room 1203 Mongkok Commercial Building Kowloon						
Accounts List [Detail]						
As of 1/11/2009						
Account #	Account	Type	Dr/Cr	Header/Detail	Level	Balance
1-0000	Assets	Asset	Debit	Header	1	\$0.00
1-1000	Fixed Assets	Asset	Debit	Header	2	\$0.00
1-1100	Office Equipment	Asset	Debit	Header	3	\$0.00
1-1110	Office Equip at Cost	Fixed Asset	Debit	Detail	4	\$0.00
1-1120	Office Equip Accum Dep	Fixed Asset	Debit	Detail	4	\$0.00
1-1200	Motor van	Asset	Debit	Header	3	\$0.00
1-1210	Motor van at Cost	Fixed Asset	Debit	Detail	4	\$0.00
1-1220	Motor van Accum Dep	Fixed Asset	Debit	Detail	4	\$0.00
1-2000	Current Assets	Asset	Debit	Header	2	\$0.00
1-2100	Cash On Hand	Asset	Debit	Header	3	\$0.00
1-2110	Bank	Bank	Debit	Detail	4	\$0.00
1-2120	Payroll Cheque Account	Bank	Debit	Detail	4	\$0.00
1-2130	Cash Drawer	Bank	Debit	Detail	4	\$0.00
1-2140	Undeposited Cash & Cheque	Bank	Debit	Detail	4	\$0.00
1-2150	Petty Cash	Bank	Debit	Detail	4	\$0.00
1-2160	Undeposited Funds	Bank	Debit	Detail	4	\$0.00
1-2200	Accounts receivable	Accounts Receivable	Debit	Detail	3	\$0.00
1-2210	Prov for Impairment Loss on AR	Other Asset	Debit	Detail	3	\$0.00
1-2300	Inventory	Other Asset	Debit	Detail	3	\$0.00
1-3000	Other Assets	Asset	Debit	Header	2	\$0.00
1-3100	Other receivables	Other Asset	Debit	Detail	3	\$0.00
1-3200	Prepayments	Other Asset	Debit	Detail	3	\$0.00
2-0000	Liabilities	Liability	Credit	Header	1	\$0.00
2-1000	Long-Term Liabilities	Liability	Credit	Header	2	\$0.00
2-1100	Loan from ABC Bank	Other Liability	Credit	Detail	3	\$0.00
2-1200	Other Long-Term Liabilities	Other Liability	Credit	Detail	3	\$0.00
2-2000	Current Liabilities	Liability	Credit	Header	2	\$0.00
2-2100	Credit Cards	Liability	Credit	Header	3	\$0.00
2-2110	Bankcard	Credit Card	Credit	Detail	4	\$0.00
2-2120	Diners Club	Credit Card	Credit	Detail	4	\$0.00
2-2130	MasterCard	Credit Card	Credit	Detail	4	\$0.00
2-2140	Visa	Credit Card	Credit	Detail	4	\$0.00
2-2200	Accounts payable	Accounts Payable	Credit	Detail	3	\$0.00
2-2210	Accrued rent	Other Liability	Credit	Detail	3	\$0.00
2-2350	Accrued bank loan interest	Other Liability	Credit	Detail	3	\$0.00
2-2360	Import Duty Payable	Other Liability	Credit	Detail	3	\$0.00
2-2400	Payroll Liabilities	Liability	Credit	Header	3	\$0.00
2-2410	Payroll Deductions Payable	Other Liability	Credit	Detail	4	\$0.00
2-2420	PAYE Tax Payable	Other Liability	Credit	Detail	3	\$0.00
2-2600	Accrued Taxes	Other Liability	Credit	Detail	3	\$0.00
2-2700	Customer Advance Deposits	Other Liability	Credit	Detail	3	\$0.00
2-2800	Other Current Liabilities	Other Liability	Credit	Detail	3	\$0.00
3-0000	Equity	Equity	Credit	Header	1	\$0.00
3-1000	Owner's Equity	Equity	Credit	Header	2	\$0.00
3-1100	Capital	Equity	Credit	Detail	3	\$0.00
3-1200	Drawings	Equity	Credit	Detail	3	\$0.00
3-8000	Retained Earnings	Equity	Credit	Detail	2	\$0.00
3-9000	Current Year Earnings	Equity	Credit	Detail	2	\$0.00
3-9999	Historical Balancing	Equity	Credit	Detail	2	\$0.00



Hong Kong Institute of
Accredited Accounting Technicians
香港財務會計協會

Pilot Examination Paper

Applied Learning Course

Practical Accounting for Small and Medium Enterprises

Examination II

This paper must be answered in English
and completed within 2 hours 30 minutes

INSTRUCTION TO CANDIDATES

- (1) Do not open this paper until instructed to do so by the Invigilator.
- (2) Candidates will have 2 hours 30 minutes to answer the question paper and print all the necessary reports. This paper contains THREE sections, Section A, Section B and Section C.
- (3) Candidates will receive one answer cover sheet and two answer sheets. Write all the answers of **Sections A and C** in **Answer Sheets (1) and (2)**. Put the answer cover sheet and answer sheets followed by printouts. Invigilator will staple them together during collection.
- (4) A USB storage drive is already inserted in your computer. Use the USB storage drive to backup your data from time to time to avoid any unexpected loss of data during the examination.
- (5) An Accounts List is included in the Appendix at the end of this examination paper for candidate's reference.
- (6) All calculations must be shown.
- (7) All the printouts must be collected from printers by the Invigilator. Invigilator will distribute the printouts to candidates according to their candidate numbers and specific codes.
- (8) Any candidates wish to leave the examination centre while the examination is still in process must get the permission of the Invigilator before leaving the centre.
- (9) The question paper and crossed-out printouts, if any, must also be returned at the end of the examination.

Section A : Multiple-choice Questions (20 marks)

This section contains 20 questions. Answer ALL the questions. Choose the best answer for each question. Each carries 1 mark.

1. Conversion costs consist of _____.
- A direct and indirect labour
 - B direct labour and direct materials
 - C direct labour and manufacturing overhead
 - D prime costs and manufacturing overhead

2. Based on the following information, calculate the amount of prime costs.

Direct materials	\$70,000
Direct labour	\$30,000
Manufacturing overheads	\$45,000
Selling expenses	\$25,000
Administrative expenses	\$60,000

- A \$90,000
 - B \$100,000
 - C \$145,000
 - D \$230,000
3. Which of the following is used to measure the company's short-term liquidity?
- A Current ratio
 - B Gross profit ratio
 - C Gearing ratio
 - D Return on capital employed
4. Which of the following journal entries is correct if a new partner contributes cash \$100,000 to a partnership business?
- A
Dr Goodwill \$100,000
Cr Partner's capital account \$100,000
 - B
Dr Goodwill \$100,000
Cr Partner's current account \$100,000
 - C
Dr Bank \$100,000
Cr Partner's capital account \$100,000
 - D
Dr Bank \$100,000
Cr Partner's current account \$100,000

Based on the following data, answer questions 5 and 6.

Accounts receivable	\$117,000
Accounts payable	\$131,000
Accounts receivable turnover	20%
Cost of sales	\$555,000
Opening inventory	\$95,000
Closing inventory	\$105,000

5. Based on the above information, calculate the sales amount.

- A \$755,000
- B \$655,000
- C \$585,000
- D \$355,000

6. Based on the above information, calculate the inventory turnover ratio

- A 69.48 days
- B 65.77 days
- C 62.48 days
- D 5.55 days

7. A person who holds shares in a limited company is known as _____.

- A a partner
- B a sole trader
- C a shareholder
- D None of the above

8. Lee Limited bought a vehicle for \$250,000. Reducing balance method was adopted for calculating depreciation. What was the depreciation expense for the second year if the rate was 35%?

- A \$56,875
- B \$87,500
- C \$105,625
- D \$162,500

9. Based on the following information, calculate the break-even point in units.

Selling price per unit	\$2.7
Contribution margin ratio	40%
Fixed expenses	\$255,798

- A 94,740
- B 157,900
- C 236,850
- D 511,596

10. Which of the following does **NOT** affect the calculation of quick ratio?
- A Bank
 - B Accounts payable
 - C Closing inventory
 - D Accounts receivable
11. If an accounts receivable shows a credit balance. In which of the following accounts should the balance be included when it is presented in the statement of financial position?
- A Accrued expenses
 - B Accounts payable
 - C Prepaid expenses
 - D Accounts receivable
12. Manufacturing overheads include _____.
- A all manufacturing costs, direct labor and direct materials
 - B all direct material, direct labor and administrative costs
 - C all selling and administrative costs
 - D None of the above
13. Which of the following is correct if both the fixed and variable costs increase?
- | | Contribution margin | Break-even point |
|---|----------------------------|-------------------------|
| A | Increase | Increase |
| B | Decrease | Increase |
| C | Decrease | Decrease |
| D | Increase | Decrease |
14. Which of the following is a correct description about a partnership?
- A Unlimited liability
 - B Separate legal entity
 - C Perpetual succession
 - D None of the above
15. Based on the following information, calculate the net profit.
- | | |
|---------------------------|-----------|
| Contribution margin ratio | 15% |
| Fixed expenses | \$96,000 |
| Sales | \$845,000 |
- A \$941,000
 - B \$749,000
 - C \$126,750
 - D \$30,750

16. Which of the following non-current assets is **NOT** subject to depreciation?

- A Motor vehicle
- B Furniture
- C Freehold land
- D None of the above

17. Based on the following information, calculate the production overhead cost.

Direct materials used	\$8,470
Direct labour used	\$6,776
Direct labour rate per hour	\$121
Machine hours used	75
Predetermined production overhead absorption rate per direct labour hour	\$40

- A \$2,240
- B \$2,800
- C \$3,000
- D \$4,840

18. The profits and losses will be shared equally among each partner if the partnership _____.

- A does not have any purchase agreement
- B does not have any sales agreement
- C does not have any partnership agreement
- D does not have any tenancy agreement

19. Errors of omission mean that _____.

- A two or more errors cancelled out each other
- B a transaction was posted to the wrong type of account
- C a transaction was posted to the wrong account although it is the right type of account
- D no entry of a transaction had been made at all

20. Based on the following information, calculate the opening inventory of finished goods.

Sales	\$400,000
Cost of goods manufactured	\$160,000
Closing inventory of finished goods	\$50,000
Gross profit	\$170,000
Net profit	\$80,000

- A \$70,000
- B \$120,000
- C \$230,000
- D \$240,000

(Total: 20 marks)

* * * End of Section A * * *

Section B: Computerised Questions (60 Marks)

This section contains 6 questions. Answer ALL the questions. Marks are indicated at the end of each question.

AAT Ltd. started to use MYOB accounting software on 1 March 2010 for recording business transactions. Its financial year ends on 31 March.

- (1) You should use your “**Candidate Number + Specific Code**” as the company name for printout identification.
- (2) Use the default chart of accounts of “**Retail**” industry and “**Home Appliance Dealer**” business to modify the names of accounts as per the appendix. The accounts to be modified or used are underlined for easy reference.
- (3) Check the “Link Accounts” in the set up of MYOB to see whether they are properly linked. Amend them if necessary.
- (4) Input the following balances as at 1 March 2010:

Trial balance as at 1 March 2010

	Dr	Cr
	\$	\$
3-1100 Ordinary shares of \$2 each		800,000
3-1200 General reserve		174,000
3-1300 Share premium		44,415
3-8000 Retained earnings		203,740
1-1710 Motor vehicles at cost	400,000	
1-1720 Motor vehicles accum dep		77,200
1-1510 Office equipment at cost	325,000	
1-1520 Office equipment accum dep		95,000
1-2200 Accounts receivable	236,000	
2-2200 Accounts payable		98,250
1-2110 Cash at bank	509,960	
1-2210 Provision for impairment loss on AR		8,870
1-2300 Inventory	92,300	
2-1100 10% Debenture		300,000
5-1100 Purchases	784,930	
4-1100 Sales		1,539,960
6-1100 Insurance	12,500	
4-1200 Sales returns	16,290	
5-1200 Purchases returns		8,340
5-1300 Carriage inwards	17,200	
6-1400 Carriage outwards	26,800	
6-1500 Bad debts	16,560	
6-2000 Discounts allowed	4,920	
8-1100 Discounts received		5,950
6-5130 Wages and salaries	359,480	
6-1700 Motor expenses	33,750	
6-1800 Miscellaneous expenses	37,480	
6-4400 Rent and rates	355,960	
6-4600 Utilities	10,280	
6-1200 Suspense	2,060	
6-3100 Advertising	17,640	
6-3110 Entertainment expenses	71,500	
9-2000 Bank charges	5,115	
9-1000 Debenture interest	20,000	
	<u>3,355,725</u>	<u>3,355,725</u>

Accounts Receivable

Customer Name	Customer Number	Terms	Invoice Date	Invoice Number	Invoice Amount (\$)
Smith Ltd	AR001	5/30, net 60	15 Dec 2009	S0121	75,000
Smith Ltd	AR001	5/30, net 60	21 Dec 2009	S0132	35,000
Kenny Ltd	AR002	Net 60	5 Jan 2010	S0211	55,000
Kenny Ltd	AR002	Net 60	9 Feb 2010	S0343	<u>71,000</u>
				Total	<u>236,000</u>

Accounts Payable

Supplier Name	Supplier Number	Terms	Invoice Date	Invoice Number	Invoice Amount (\$)
Johnson Ltd	AP001	5/30, net 90	16 Dec 2009	J324	33,000
Johnson Ltd	AP001	5/30, net 90	28 Jan 2010	J432	11,000
Anson Ltd	AP002	Net 30	23 Feb 2010	A221	<u>54,250</u>
				Total	<u>98,250</u>

(5) Enter the following transactions for March 2010:

1 March Credit sales to:

- (a) Smith Ltd \$105,000; invoice no. S0413
- (b) Kenny Ltd \$112,700; invoice no. S0414
- (c) Prime Ltd \$108,000; invoice no. S0415
(Customer No.: AR003; Credit Terms: 5/30, net 60 days)
- (d) Kim Ltd \$99,400; invoice no. S0416
(Customer No.: AR004; Credit Terms: 5/30, net 60 days)
- (e) Kings Ltd \$89,500; invoice no. S0417
(Customer No.: AR005; Credit Terms: 5/30, net 60 days)

4 March Credit purchases from:

- (a) Johnson Ltd \$74,600; invoice no. J512
- (b) Anson Ltd \$96,900; invoice no. A442
- (c) Vincent Ltd \$87,000; invoice no. V1563
(Supplier No.: AP003; Credit Terms: 5/30, net 60 days)
- (d) Sunny Ltd \$102,300; invoice no. SY8563
(Supplier No.: AP004; Credit Terms: net 30 days)

8 March Goods returned to Johnson Ltd for invoice number J512 amounting to \$1,600 (Debit note: DN512)

- 10 March Goods returned from the following customers:
- (a) Kings Ltd for invoice number S0417 amounting to \$1,500 (Credit note: CN0417);
 - (b) Kim Ltd for invoice number S0416 amounting to \$1,400 (Credit note: CN0416).
- 15 March Received payments from:
- (a) Kim Ltd for invoice no. S0416. (Ref: R777)
 - (b) Kings Ltd for invoice no. S0417. (Ref: R778)
 - (c) Smith Ltd for invoice no. S0121. (Ref: R779)
 - (d) Kenny Ltd for invoice no. S0211 and S0343. (Ref: R780)
- Discounts have been given to customers for payments according to the credit terms.
- 18 March Payments to the following suppliers:
- (a) Johnson Ltd for invoice no. J512; cheque no. 232354
 - (b) Vincent Ltd for invoice no. V1563; cheque no. 232355
 - (c) Anson Ltd for invoice no. A221; cheque no. 232356
- Discounts have been received from the suppliers for payments according to the credit terms.
- 26 March Payments for the following expenses through the business bank account:
- (a) Motor expenses \$13,200; cheque no. 232357
 - (b) Advertising \$6,700; cheque no. 232358
 - (c) Miscellaneous expenses \$2,680; cheque no. 232359
 - (d) Utilities \$3,065; cheque no. 232360
 - (e) Carriage outwards \$8,500; cheque no. 232361
 - (f) Entertainment expenses \$11,500; cheque no. 232362
- (6) Additional information for year-end adjustments:
- (i) Inventory as at 31 March 2010 was \$83,900.
 - (ii) Rates expense of \$3,600, which covered the period from 1 February 2010 to 30 April 2010, was paid in February.
 - (iii) The following were accrued expenses at 31 March 2010:
 - Wages and salaries \$40,000
 - Debenture interest \$10,000
 - Accounting fees \$12,500
 - (iv) Second hand motor vehicle costing \$80,000 was purchased in early March, but the cheque payment (cheque no. 232353) has been completely omitted from the records.
 - (v) 100,000 ordinary shares of \$2 each were issued at \$2.50 per share on 1 March 2010. However, no record has been made in respect of this issue. (Ref: R781)

- (vi) Depreciation was to be provided at 20% per annum on office equipment using the straight-line method and at 30% per annum for motor vehicles based on the reducing balance method. The company's depreciation policy was to provide a full year's depreciation in the year of purchase and none in the year of disposal.
- (vii) After investigation, the following errors are discovered:
- rent understated by \$3,410
 - bank charges overstated by \$1,350

REQUIRED:

Prepare the following reports:

1. **Trial balance summary for the month ended 31 March 2010. (Exclude accounts with no activity)**
(16 marks)
 2. **Statement of comprehensive income for the year ended 31 March 2010.**
(5 marks)
 3. **Statement of financial position as at 31 March 2010.**
(5 marks)
 4. **Accounts receivable aging detail report for the month of March 2010. (Include zero balances)**
(7 marks)
 5. **Bank register for the month of March 2010.**
(15 marks)
 6. **General journal for the month of March 2010.**
(12 marks)
- (Total: 60 marks)**

*** * * End of Section B * * ***

Section C: Short Questions (20 marks)

This section contains 3 questions. Answer ALL the questions. Marks are indicated at the end of each question.

1. Central Limited produces and sells a single product. The company's costs and revenue for the most recent month are given below:

	\$	\$
Sales (\$40 per unit)		240,000
Less: Manufacturing costs:		
Direct materials	48,000	
Direct labour	60,000	
Variable factory overhead	12,000	
Fixed factory overhead	<u>30,000</u>	<u>150,000</u>
Gross profit		90,000
Less: Selling and other expenses:		
Variable selling and other expenses	24,000	
Fixed selling and other expenses	<u>42,000</u>	<u>66,000</u>
Net profit		<u>24,000</u>

There are no opening or closing inventories.

REQUIRED:

- a. **Compute the company's monthly break-even point in units.** (5 marks)
- b. **What is the company's monthly net profit if sales increase by 25% and there is no change in total fixed expenses?** (3 marks)
- c. **What dollar sales must the company achieve in order to earn a net profit of \$50,000 per month?** (2 marks)

(Total: 10 marks)

2. Martin Limited produced and sold golf balls for \$100 per pack. In December 2009, the company manufactured 50,000 packs and sold 40,000 packs. The opening inventory on 1 December 2009 was 3,000 packs. Based on the following production information, calculate the production cost (per pack) for the month of December under absorption and marginal costing respectively:

	\$
Direct materials cost (per pack)	10
Direct labour cost (per pack)	5
Variable factory overheads (per pack)	8
Fixed factory overheads	100,000
Variable selling expenses (per pack)	2
Fixed selling expenses	140,000

(6 marks)

3. Explain any **TWO** fundamental ethical principles.

(4 marks)

*** * * End of Examination Paper * * ***

Appendix

Candidate Number + Specific Code						
Accounts List [Detail]						
As of 1/3/2010						
Account #	Account	Type	Dr/Cr	Header/Detail	Level	Balance
1-0000	Assets	Asset	Debit	Header	1	\$0.00
1-1000	Fixed Assets	Asset	Debit	Header	2	\$0.00
1-1200	Lease Improvements	Asset	Debit	Header	3	\$0.00
1-1210	Lease Improvement at Cost	Other Asset	Debit	Detail	4	\$0.00
1-1220	Lease Improvements Accum Dep	Other Asset	Debit	Detail	4	\$0.00
1-1300	Buildings and Improvements	Asset	Debit	Header	3	\$0.00
1-1310	Bldgs. & Imprvmnts at Cost	Other Asset	Debit	Detail	4	\$0.00
1-1320	Bldgs & Imprvmnts Accum Dep	Other Asset	Debit	Detail	4	\$0.00
1-1500	Office Equipment	Asset	Debit	Header	3	\$0.00
1-1510	Office Equip at Cost	Other Asset	Debit	Detail	4	\$0.00
1-1520	Office Equip Accum Dep	Other Asset	Debit	Detail	4	\$0.00
1-1600	Store Equipment	Asset	Debit	Header	3	\$0.00
1-1610	Store Equipment at Cost	Other Asset	Debit	Detail	4	\$0.00
1-1620	Store Equipment Accum Dep	Other Asset	Debit	Detail	4	\$0.00
1-1700	Motor Vehicles	Asset	Debit	Header	3	\$0.00
1-1710	Motor Vehicles at Cost	Other Asset	Debit	Detail	4	\$0.00
1-1720	Motor Vehicles Accum Dep	Other Asset	Debit	Detail	4	\$0.00
1-2000	Current Assets	Asset	Debit	Header	2	\$0.00
1-2100	Cash On Hand	Asset	Debit	Header	3	\$0.00
1-2110	Cash at Bank	Bank	Debit	Detail	4	\$0.00
1-2120	Payroll Cheque Account	Bank	Debit	Detail	4	\$0.00
1-2130	Cash Drawer	Bank	Debit	Detail	4	\$0.00
1-2140	Petty Cash	Bank	Debit	Detail	4	\$0.00
1-2160	Undeposited Funds	Bank	Debit	Detail	4	\$0.00
1-2200	Accounts receivable	Accounts Receivable	Debit	Detail	3	\$0.00
1-2210	Prov for Impairment Loss on AR	Other Asset	Debit	Detail	3	\$0.00
1-2300	Inventory	Other Asset	Debit	Detail	3	\$0.00
1-2400	Prepayment	Other Asset	Debit	Detail	3	\$0.00
1-2500	Prepaid Interest	Other Asset	Debit	Detail	3	\$0.00
1-2600	Deposits Paid	Other Asset	Debit	Detail	3	\$0.00
2-0000	Liabilities	Liability	Credit	Header	1	\$0.00
2-1000	Long Term Liabilities	Liability	Credit	Header	2	\$0.00
2-1100	10% Debenture	Other Liability	Credit	Detail	3	\$0.00
2-1200	Other Long Term Liabilities	Other Liability	Credit	Detail	3	\$0.00
2-2000	Current Liabilities	Liability	Credit	Header	2	\$0.00
2-2100	Credit Cards	Liability	Credit	Header	3	\$0.00
2-2110	Bankcard	Credit Card	Credit	Detail	4	\$0.00
2-2120	Diners Club	Credit Card	Credit	Detail	4	\$0.00
2-2130	MasterCard	Credit Card	Credit	Detail	4	\$0.00
2-2140	Visa	Credit Card	Credit	Detail	4	\$0.00
2-2200	Accounts payable	Accounts Payable	Credit	Detail	3	\$0.00
2-2210	Accruals	Other Liability	Credit	Detail	3	\$0.00
2-2350	Sales Tax Payable	Other Liability	Credit	Detail	3	\$0.00
2-2360	Import Duty Payable	Other Liability	Credit	Detail	3	\$0.00
2-2400	Payroll Liabilities	Liability	Credit	Header	3	\$0.00
2-2410	Payroll Deductions Payable	Other Liability	Credit	Detail	4	\$0.00
2-2420	PAYE Tax Payable	Other Liability	Credit	Detail	3	\$0.00
2-2600	Customer Deposits	Other Liability	Credit	Detail	3	\$0.00
2-2900	Other Current Liabilities	Other Liability	Credit	Detail	3	\$0.00
3-0000	Equity	Equity	Credit	Header	1	\$0.00
3-1000	Owner/Shareholder's Equity	Equity	Credit	Header	2	\$0.00
3-1100	Ordinary shares of \$2 each	Equity	Credit	Detail	3	\$0.00
3-1200	General reserve	Equity	Credit	Detail	3	\$0.00
3-1300	Share premium	Equity	Credit	Detail	3	\$0.00
3-8000	Retained Earnings	Equity	Credit	Detail	2	\$0.00
3-9000	Current Year Earnings	Equity	Credit	Detail	2	\$0.00
3-9999	Historical Balancing	Equity	Credit	Detail	2	\$0.00

4-0000	Income	Income	Credit	Header	1	\$0.00
4-1000	Sales	Income	Credit	Header	2	\$0.00
4-1100	Sales	Income	Credit	Detail	3	\$0.00
4-1200	Sales returns	Income	Credit	Detail	3	\$0.00
4-1300	Audio/Video Sales	Income	Credit	Detail	3	\$0.00
4-8000	Miscellaneous Income	Income	Credit	Detail	2	\$0.00
5-0000	Cost Of Sales	Cost of Sales	Debit	Header	1	\$0.00
5-1000	Purchases	Cost of Sales	Debit	Header	2	\$0.00
5-1100	Purchases	Cost of Sales	Debit	Detail	3	\$0.00
5-1200	Purchases returns	Cost of Sales	Debit	Detail	3	\$0.00
5-1300	Carriage inwards	Cost of Sales	Debit	Detail	3	\$0.00
5-4000	Inventory Adjustment	Cost of Sales	Debit	Detail	2	\$0.00
6-0000	Expenses	Expense	Debit	Header	1	\$0.00
6-1000	General & Administrative Exp	Expense	Debit	Header	2	\$0.00
6-1050	Accounting Fees	Expense	Debit	Detail	3	\$0.00
6-1100	Insurance	Expense	Debit	Detail	3	\$0.00
6-1200	Suspense	Expense	Debit	Detail	3	\$0.00
6-1300	Depreciation	Expense	Debit	Detail	3	\$0.00
6-1400	Carriage outwards	Expense	Debit	Detail	3	\$0.00
6-1500	Bad debts	Expense	Debit	Detail	3	\$0.00
6-1700	Motor expenses	Expense	Debit	Detail	3	\$0.00
6-1800	Miscellaneous expenses	Expense	Debit	Detail	3	\$0.00
6-1900	Shrinkage/Spoilage	Expense	Debit	Detail	2	\$0.00
6-2000	Discounts allowed	Expense	Debit	Detail	2	\$0.00
6-3000	Advertising & Promotion Exp	Expense	Debit	Header	2	\$0.00
6-3100	Advertising	Expense	Debit	Detail	3	\$0.00
6-3110	Entertainment expenses	Expense	Debit	Detail	3	\$0.00
6-3120	Cooperative Adv Allowance	Expense	Debit	Detail	3	\$0.00
6-4000	Operating Expenses	Expense	Debit	Header	2	\$0.00
6-4100	Cleaning	Expense	Debit	Detail	3	\$0.00
6-4200	Postage	Expense	Debit	Detail	3	\$0.00
6-4300	Printing	Expense	Debit	Detail	3	\$0.00
6-4400	Rent & rates	Expense	Debit	Detail	3	\$0.00
6-4500	Store Supplies	Expense	Debit	Detail	3	\$0.00
6-4600	Utilities	Expense	Debit	Detail	3	\$0.00
6-4700	Water	Expense	Debit	Detail	3	\$0.00
6-5100	Employment Expenses	Expense	Debit	Header	2	\$0.00
6-5105	Fringe Benefits Tax	Expense	Debit	Detail	3	\$0.00
6-5110	Staff Amenities	Expense	Debit	Detail	3	\$0.00
6-5130	Wages & Salaries	Expense	Debit	Detail	3	\$0.00
6-5140	Workers' Compensation	Expense	Debit	Detail	3	\$0.00
6-5150	Other Employer Expenses	Expense	Debit	Detail	3	\$0.00
8-0000	Other Income	Other Income	Credit	Header	1	\$0.00
8-1000	Interest Income	Other Income	Credit	Detail	2	\$0.00
8-1100	Discounts received	Other Income	Credit	Detail	2	\$0.00
8-1200	Late Fees Collected	Other Income	Credit	Detail	2	\$0.00
8-1300	Freight Collected	Other Income	Credit	Detail	2	\$0.00
9-0000	Other Expenses	Other Expense	Debit	Header	1	\$0.00
9-1000	Debenture interest	Other Expense	Debit	Detail	2	\$0.00
9-2000	Bank charges	Other Expense	Debit	Detail	2	\$0.00

Note: Ignore the presentation of letters in upper case or lower case in account names.

Suggested Answers

Examination Pilot Paper

**New Senior Secondary
Applied Learning Course**

**Practical Accounting for
Small and Medium Enterprises**

Pilot Examination Paper

Applied Learning Course

**Practical Accounting
for Small and Medium Enterprises**

Examination I

Suggested Answers

and

Marking Scheme

Section A : Multiple-choice Questions (20 marks)

- | | | | |
|-----|---|-----|---|
| 1. | D | 11. | C |
| 2. | D | 12. | A |
| 3. | C | 13. | C |
| 4. | A | 14. | A |
| 5. | D | 15. | B |
| 6. | B | 16. | D |
| 7. | B | 17. | B |
| 8. | D | 18. | A |
| 9. | A | 19. | C |
| 10. | A | 20. | A |

(1 mark each, total 20 marks)

Section B: Computerised Questions (60 Marks)

1.

Candidate Number + Specific Code Room 1203 Mongkok Commerical Building Kowloon Summary Trial Balance 1/11/2009 To 31/12/2009							
Acct#	Account Name	Beginning Balance	Total Debit	Total Credit	Net Activity	Ending Balance	
1-1120	Office Equip Accum Dep	\$80,000.00cr	\$0.00	\$60,000.00	\$60,000.00cr	\$140,000.00cr	0.5
1-1220	Motor van Accum Dep	\$128,000.00cr	\$0.00	\$67,200.00	\$67,200.00cr	\$195,200.00cr	0.5
1-2110	Bank	\$450,200.00	\$215,890.00	\$425,050.00	\$209,160.00cr	\$241,040.00	0.5
1-2200	Accounts receivable	\$400,000.00	\$569,800.00	\$224,800.00	\$345,000.00	\$745,000.00	0.5
1-2300	Inventory	\$123,000.00	\$215,600.00	\$198,000.00	\$17,600.00	\$140,600.00	0.5
1-3200	Prepayments	\$0.00	\$10,000.00	\$0.00	\$10,000.00	\$10,000.00	0.5
2-2200	Accounts payable	\$350,000.00cr	\$262,000.00	\$215,000.00	\$47,000.00	\$303,000.00cr	0.5
2-2210	Accrued rent	\$20,000.00cr	\$20,000.00	\$0.00	\$20,000.00	\$0.00	1
2-2350	Accrued bank loan interest	\$0.00	\$0.00	\$10,000.00	\$10,000.00cr	\$10,000.00cr	0.5
3-1200	Drawings	\$0.00	\$2,000.00	\$0.00	\$2,000.00	\$2,000.00	0.5
4-1100	Sales	\$1,497,000.00cr	\$1,800.00	\$568,000.00	\$566,200.00cr	\$2,063,200.00cr	1
5-1100	Cost of goods sold	\$650,000.00	\$198,000.00	\$600.00	\$197,400.00	\$847,400.00	1
6-1000	Insurance	\$85,000.00	\$2,000.00	\$0.00	\$2,000.00	\$87,000.00	1
6-1050	Sundry expenses	\$92,000.00	\$7,500.00	\$0.00	\$7,500.00	\$99,500.00	1
6-1500	Depreciation	\$0.00	\$127,200.00	\$0.00	\$127,200.00	\$127,200.00	0.5
6-1800	Carriage outwards	\$45,000.00	\$13,300.00	\$0.00	\$13,300.00	\$58,300.00	1
6-2100	Motor expenses	\$93,000.00	\$12,000.00	\$0.00	\$12,000.00	\$105,000.00	1
6-2330	Wages & Salaries	\$250,000.00	\$50,000.00	\$0.00	\$50,000.00	\$300,000.00	1
6-2410	Rent and rates	\$180,000.00	\$42,000.00	\$0.00	\$42,000.00	\$222,000.00	1
6-2920	Utilities	\$75,000.00	\$3,800.00	\$0.00	\$3,800.00	\$78,800.00	1
6-3010	Discounts allowed	\$36,000.00	\$5,310.00	\$0.00	\$5,310.00	\$41,310.00	1
9-1100	Bank charges	\$0.00	\$450.00	\$0.00	\$450.00	\$450.00	0.5
9-1200	Bank loan interest	\$10,000.00	\$10,000.00	\$0.00	\$10,000.00	\$20,000.00	0.5
Total:			\$1,768,650.00	\$1,768,650.00			17

2.

Candidate Number + Specific Code
 Room 1203 Mongkok Commerical
 Building Kowloon

Invoice

Invoice #: S9134

Bill To: EE Ltd
 Room 2203, Queen's Building,
 Central, Hong Kong

DeliverTo: EE Ltd
 Room 2203, Queen's Building,
 Central, Hong Kong

SALESPERSON	YOUR NO.	DELIVER VIA	COL	PPD	DELIVERY DATE	TERMS	DATE	PG.
	S9134					5% 30 Net 60	17/11/2009	1

QTY.	ITEM #	DESCRIPTION	PRICE	UNIT	DISC %	EXTENDED PRICE	TX.
1,200	M-002	Music book	\$90.00			\$108,000.00	
						SALE AMOUNT	\$108,000.00
						FREIGHT	\$0.00
						SALES TAX	\$0.00
						TOTAL AMOUNT	\$108,000.00
						PAID TODAY	\$108,000.00
						BALANCE DUE	\$0.00

1 mark for correct invoice number
 1 mark for correct invoice date
 1 mark for correct quantity
 1 mark for correct item number
 1 mark for correct price

2.

Purchase

Purchase #: S5566

Deliver To:

SS Ltd
 Room 401, Hing Wah Center,
 Yaumatei, Kowloon

Candidate Number + Specific Code
 Room 1203 Mongkok Commercial
 Building Kowloon

SALESPERSON		YOUR NO.	DELIVER VIA	DELIVERY DATE	TERMS		DATE	PG.
		S5566			5% 30 Net 90		10/11/2009	1
QTY.	ITEM NO.	DESCRIPTION		PRICE	UNIT	DISC %	EXTENDED PRICE	TAX
2,000		Music book		\$30.00			\$60,000.00	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> 1 mark for correct purchase number 1 mark for correct invoice date 1 mark for correct quantity 1 mark for correct description 1 mark for correct price </div>					SALE AMT.		\$60,000.00	
					FREIGHT		\$0.00	
		TAX		\$0.00				
		TOTAL AMT.		\$60,000.00				
		PAID TODAY						
		BALANCE DUE		\$60,000.00				

3.

Candidate Number + Specific Code			
Room 1203 Mongkok Commerical Building Kowloon			
Profit & Loss Statement			
January 2009 through December 2009			
Income			
Gross Receipts or Sales			
Sales	\$2,063,200.00		
Total Income		\$2,063,200.00	0.5
Cost of Sales			
Cost of goods sold			
Cost of goods sold	\$847,400.00		
Total Cost of Sales		\$847,400.00	0.5
Gross Profit		\$1,215,800.00	0.5
Other Income			
Discounts received			
		\$45,000.00	
Total Other Income		\$45,000.00	0.5
Expenses			
Insurance			
		\$87,000.00	
Sundry expenses			
		\$99,500.00	
Depreciation			
		\$127,200.00	
Carriage outwards			
		\$58,300.00	
Motor expenses			
		\$105,000.00	
Employment Expenses			
Wages & Salaries			
	\$300,000.00		
Total Employment Expenses		\$300,000.00	
Rent or Lease			
Rent and rates			
	\$222,000.00		
Services			
Utilities			
	\$78,800.00		
Discounts			
Discounts allowed			
	\$41,310.00		
Total Expenses		\$1,119,110.00	0.5
Operating Profit		\$141,690.00	0.5
Other Expenses			
Interest Expense			
Bank charges			
	\$450.00		
Bank loan interest			
	\$20,000.00		
Total Other Expenses		\$20,450.00	0.5
Net Profit / (Loss)		\$121,240.00	0.5
			4

4.

Candidate Number + Specific Code			
Room 1203 Mongkok Commerical Building Kowloon			
Balance Sheet			
As of December 2009			
Assets			
Fixed Assets			
Office Equipment			
Office Equip at Cost	\$240,000.00		
Office Equip Accum Dep	<u>(\$140,000.00)</u>		
Total Office Equipment		\$100,000.00	0.5
Motor van			
Motor van at Cost	\$320,000.00		
Motor van Accum Dep	<u>(\$195,200.00)</u>		
Total Motor van		<u>\$124,800.00</u>	0.5
Total Fixed Assets			\$224,800.00
Current Assets			
Cash On Hand			
Bank	<u>\$241,040.00</u>		
Total Cash On Hand		\$241,040.00	
Accounts receivable		\$745,000.00	
Provision for Impairment Loss on AR		(\$68,000.00)	
Inventory		<u>\$140,600.00</u>	
Total Current Assets			\$1,058,640.00 0.5
Other Assets			
Prepayments		<u>\$10,000.00</u>	
Total Other Assets			<u>\$10,000.00</u> 0.5
Total Assets			<u>\$1,293,440.00</u> 0.5
Liabilities			
Long-Term Liabilities			
Loan from ABC Bank	<u>\$400,000.00</u>		
Total Long-Term Liabilities		\$400,000.00	0.5
Current Liabilities			
Accounts payable	\$303,000.00		
Accrued bank loan interest	<u>\$10,000.00</u>		
Total Current Liabilities		<u>\$313,000.00</u>	0.5
Total Liabilities			\$713,000.00
Net Assets			
			<u>\$580,440.00</u>
Equity			
Owner's Equity			
Capital	\$461,200.00		
Drawings	<u>(\$2,000.00)</u>		
Total Owner's Equity		\$459,200.00	
Current Year Earnings		<u>\$121,240.00</u>	
Total Equity			<u>\$580,440.00</u> 0.5
			4

5.

Candidate Number + Specific Code							
Room 1203 Mongkok Commerical Building Kowloon							
Bank Register							
1/11/2009 To 31/12/2009							
ID#	Src	Date	Memo/Payee	Deposit	Withdrawal	Balance	
1-2110	Bank						
223455	CD	2/11/2009	Accrued rent and Rent		\$40,000.00	\$410,200.00	1
223456	CD	2/11/2009	Salaries		\$25,000.00	\$385,200.00	1
223457	CD	2/11/2009	Rates		\$2,000.00	\$383,200.00	1
223458	CD	2/11/2009	Insurance & Prepaid Insurance		\$12,000.00	\$371,200.00	1
223459	CD	1/12/2009	Carriage outwards		\$13,300.00	\$357,900.00	1
223460	CD	1/12/2009	Rent		\$20,000.00	\$337,900.00	1
223461	CD	1/12/2009	Motor expenses		\$12,000.00	\$325,900.00	1
R211	CR	8/12/2009	Payment; AA Ltd	\$20,000.00		\$345,900.00	1
R212	CR	8/12/2009	Payment; CC Ltd	\$95,000.00		\$440,900.00	1
R213	CR	8/12/2009	Payment; EE Ltd	\$100,890.00		\$541,790.00	1
223462	CD	16/12/2009	Sundry expenses		\$7,500.00	\$534,290.00	1
223463	CD	16/12/2009	Utilities		\$3,800.00	\$530,490.00	1
223464	CD	16/12/2009	Salaries		\$25,000.00	\$505,490.00	1
223465	CD	18/12/2009	PP Ltd		\$70,000.00	\$435,490.00	1
223466	CD	18/12/2009	RR Ltd		\$107,000.00	\$328,490.00	1
223467	CD	18/12/2009	QQ Ltd		\$85,000.00	\$243,490.00	1
R214	CD	31/12/2009	Drawings		\$2,000.00	\$241,490.00	1
R215	CD	31/12/2009	Bank charges		\$450.00	\$241,040.00	1
				\$215,890.00	\$425,050.00		18

6.

Candidate Number + Specific Code					
Room 1203 Mongkok Commerical Building Kowloon					
Reconciliation Report					
ID#	Date	Memo/Payee	Deposit	Withdrawal	
Cheque Account:	1-2110	Bank			1
Date of Bank Statement:	31/12/2009				1
Reconciled Cheques					
223455	2/11/2009	Accrued rent and Rent		\$40,000.00	
223456	2/11/2009	Salaries		\$25,000.00	
223457	2/11/2009	Rates		\$2,000.00	
223458	2/11/2009	Insurance & Prepaid Insurance		\$12,000.00	
223459	1/12/2009	Carriage outwards		\$13,300.00	
223460	1/12/2009	Rent		\$20,000.00	
223461	1/12/2009	Motor expenses		\$12,000.00	
223462	16/12/2009	Sundry expenses		\$7,500.00	
223464	16/12/2009	Salaries		\$25,000.00	
223465	18/12/2009	PP Ltd		\$70,000.00	
223466	18/12/2009	RR Ltd		\$107,000.00	
R214	31/12/2009	Drawings		\$2,000.00	
R215	31/12/2009	Bank charges		\$450.00	
		Total:	\$0.00	\$336,250.00	
Reconciled Deposits					
R211	8/12/2009	Payment; AA Ltd	\$20,000.00		
R212	8/12/2009	Payment; CC Ltd	\$95,000.00		
R213	8/12/2009	Payment; EE Ltd	\$100,890.00		
		Total:	\$215,890.00	\$0.00	
Outstanding Cheques					
223463	16/12/2009	Utilities		\$3,800.00	1
223467	18/12/2009	QQ Ltd		\$85,000.00	1
		Total:	\$0.00	\$88,800.00	
Reconciliation					
	MYOB Balance on 31/12/2009:		\$241,040.00		1
	Add: Outstanding Cheques:		\$88,800.00		1
	Subtotal:		\$329,840.00		
	Deduct: Outstanding Deposits:		\$0.00		
	Expected Balance on Statement:		\$329,840.00		1
					7

(Total: 60 marks)

Section C: Short Questions (20 marks)

1. In an imprest system, a fixed amount of money (petty cash float) is set to meet the petty cash expenses for a period, usually a month, depending on the frequency of transactions and the amount of the petty cash float. At the end of the period, the petty cash fund is reimbursed with the exact amount of disbursements, and is thus made up again to its original fixed amount.

(5 marks)

2. (i) Materiality

This concept applies when the size of the amount of an item is likely to influence the treatment of an item. In order to determine whether or not an item is material and of importance, each item is examined on its merits. The decision as to what is material and what is not depends on judgement. The size and the nature of the business will also affect the decision.

- (ii) Money measurement

The money measurement concept provides that accounting is only concerned with those facts that can be measured in monetary terms with a fair degree of objectivity.

(2.5 marks each, total 5 marks)

3. (i) To discover any errors or irregularities in relation to cash receipts and payments, and
(ii) To detect any missing transactions in the cash book

(2.5 marks each, total 5 marks)

4. The purpose of providing depreciation is to apply the matching principle to non-current assets. The benefits arising from the use of non-current assets are spread over the periods of their useful lives in the business so that the costs incurred in using the non-current assets can be matched with the benefits.

(5 marks)

(Total: 20 marks)

*** * * End * * ***

Pilot Examination Paper

Applied Learning Course

**Practical Accounting
for Small and Medium Enterprises**

Examination II

Suggested Answers

and

Marking Scheme

Section A : Multiple-choice Questions (20 marks)

- | | | | |
|-----|---|-----|---|
| 1. | C | 11. | B |
| 2. | B | 12. | D |
| 3. | A | 13. | B |
| 4. | C | 14. | A |
| 5. | C | 15. | D |
| 6. | B | 16. | C |
| 7. | C | 17. | A |
| 8. | A | 18. | C |
| 9. | C | 19. | D |
| 10. | C | 20. | B |

(1 mark each, total 20 marks)

Section B: Computerised Questions (60 Marks)

1.

Candidate Number + Specific Code							
Summary Trial Balance							
1/3/2010 To 31/3/2010							
Acct#	Account Name	Beginning Balance	Total Debit	Total Credit	Net Activity	Ending Balance	
1-1520	Office Equip Accum Dep	\$95,000.00cr	\$0.00	\$65,000.00	\$65,000.00cr	\$160,000.00cr	0.5
1-1710	Motor Vehicles at Cost	\$400,000.00	\$80,000.00	\$0.00	\$80,000.00	\$480,000.00	0.5
1-1720	Motor Vehicles Accum Dep	\$77,200.00cr	\$0.00	\$120,840.00	\$120,840.00cr	\$198,040.00cr	0.5
1-2110	Cash at Bank	\$509,960.00	\$627,700.00	\$331,895.00	\$295,805.00	\$805,765.00	0.5
1-2200	Trade receivables	\$236,000.00	\$517,500.00	\$392,800.00	\$124,700.00	\$360,700.00	0.5
1-2300	Inventory	\$92,300.00	\$83,900.00	\$92,300.00	\$8,400.00cr	\$83,900.00	0.5
1-2400	Prepayment	\$0.00	\$1,200.00	\$0.00	\$1,200.00	\$1,200.00	0.5
2-2200	Trade payables	\$98,250.00cr	\$217,450.00	\$362,400.00	\$144,950.00cr	\$243,200.00cr	0.5
2-2210	Accruals	\$0.00	\$0.00	\$62,500.00	\$62,500.00cr	\$62,500.00cr	0.5
3-1100	Ordinary shares of \$2 each	\$800,000.00cr	\$0.00	\$200,000.00	\$200,000.00cr	\$1,000,000.00cr	0.5
3-1300	Share premium	\$44,415.00cr	\$0.00	\$50,000.00	\$50,000.00cr	\$94,415.00cr	1
4-1100	Sales	\$1,539,960.00cr	\$0.00	\$514,600.00	\$514,600.00cr	\$2,054,560.00cr	0.5
4-1200	Sales returns	\$16,290.00	\$2,900.00	\$0.00	\$2,900.00	\$19,190.00	0.5
5-1100	Purchases	\$784,930.00	\$360,800.00	\$0.00	\$360,800.00	\$1,145,730.00	0.5
5-1200	Purchases returns	\$8,340.00cr	\$0.00	\$1,600.00	\$1,600.00cr	\$9,940.00cr	0.5
5-4000	Inventory Adjustment	\$0.00	\$92,300.00	\$83,900.00	\$8,400.00	\$8,400.00	0.5
6-1050	Accounting Fees	\$0.00	\$12,500.00	\$0.00	\$12,500.00	\$12,500.00	0.5
6-1200	Suspense	\$2,060.00	\$0.00	\$2,060.00	\$2,060.00cr	\$0.00	0.5
6-1300	Depreciation	\$0.00	\$185,840.00	\$0.00	\$185,840.00	\$185,840.00	0.5
6-1400	Carriage outwards	\$26,800.00	\$8,500.00	\$0.00	\$8,500.00	\$35,300.00	0.5
6-1700	Motor expenses	\$33,750.00	\$13,200.00	\$0.00	\$13,200.00	\$46,950.00	0.5
6-1800	Miscellaneous expenses	\$37,480.00	\$2,680.00	\$0.00	\$2,680.00	\$40,160.00	0.5
6-2000	Discounts allowed	\$4,920.00	\$9,300.00	\$0.00	\$9,300.00	\$14,220.00	0.5
6-3100	Advertising	\$17,640.00	\$6,700.00	\$0.00	\$6,700.00	\$24,340.00	0.5
6-3110	Entertainment expenses	\$71,500.00	\$11,500.00	\$0.00	\$11,500.00	\$83,000.00	0.5
6-4400	Rent & Rates	\$355,960.00	\$3,410.00	\$1,200.00	\$2,210.00	\$358,170.00	0.5
6-4600	Utilities	\$10,280.00	\$3,065.00	\$0.00	\$3,065.00	\$13,345.00	0.5
6-5130	Wages & Salaries	\$359,480.00	\$40,000.00	\$0.00	\$40,000.00	\$399,480.00	0.5
8-1100	Discounts received	\$5,950.00cr	\$0.00	\$8,000.00	\$8,000.00cr	\$13,950.00cr	0.5
9-1000	Debenture interest	\$20,000.00	\$10,000.00	\$0.00	\$10,000.00	\$30,000.00	0.5
9-2000	Bank Charges	\$5,115.00		\$1,350.00	\$1,350.00cr	\$3,765.00	0.5
			Total:	\$2,290,445.00	\$2,290,445.00		16

2.

Candidate Number + Specific Code			
Profit & Loss Statement			
April 2009 through March 2010			
Income			
Sales			
Sales	\$2,054,560.00		
Sales returns	(\$19,190.00)		
Total Sales		\$2,035,370.00	
Total Income			\$2,035,370.00 1
Cost Of Sales			
Purchases			
Purchases	\$1,145,730.00		
Purchases returns	(\$9,940.00)		
Carriage inwards	\$17,200.00		
Total Purchases		\$1,152,990.00	
Inventory Adjustment		\$8,400.00	
Total Cost Of Sales			\$1,161,390.00 1
Gross Profit			\$873,980.00
Other Income			
Discounts received		\$13,950.00	
Total Other Income			\$13,950.00 1
Expenses			
General & Administrative Exp			
Accounting Fees	\$12,500.00		
Insurance	\$12,500.00		
Depreciation	\$185,840.00		
Carriage outwards	\$35,300.00		
Bad debts	\$16,560.00		
Motor expenses	\$46,950.00		
Miscellaneous expenses	\$40,160.00		
Total General & Administrative Exp		\$349,810.00	
Discounts allowed		\$14,220.00	
Advertising & Promotion Exp			
Advertising	\$24,340.00		
Entertainment expenses	\$83,000.00		
Total Advertising & Promotion Exp		\$107,340.00	
Operating Expenses			
Rent & Rates	\$358,170.00		
Utilities	\$13,345.00		
Total Operating Expenses		\$371,515.00	
Employment Expenses			
Wages & Salaries	\$399,480.00		
Total Employment Expenses		\$399,480.00	
Total Expenses			\$1,242,365.00 1
Operating Profit			(\$354,435.00)
Other Expenses			
Debenture interest		\$30,000.00	
Bank Charges		\$3,765.00	
Total Other Expenses			\$33,765.00 1
Net Profit / (Loss)			(\$388,200.00) 5

3.

Candidate Number + Specific Code				
Balance Sheet				
As of March 2010				
Assets				
Fixed Assets				
Office Equipment				
Office Equip at Cost	\$325,000.00			
Office Equip Accum Dep	(\$160,000.00)			
Total Office Equipment	<u> </u>	\$165,000.00		
Motor Vehicles				
Motor Vehicles at Cost	\$480,000.00			
Motor Vehicles Accum Dep	(\$198,040.00)			
Total Motor Vehicles	<u> </u>	\$281,960.00		
Total Fixed Assets		<u> </u>	\$446,960.00	1
Current Assets				
Cash On Hand				
Cash at Bank	\$805,765.00			
Total Cash On Hand	<u> </u>	\$805,765.00		
Trade receivables		\$360,700.00		
Provision for Impairment Loss on AR		(\$8,870.00)		
Inventory		\$83,900.00		
Prepayment		\$1,200.00		
Total Current Assets		<u> </u>	\$1,242,695.00	1
Total Assets			<u> </u>	\$1,689,655.00
Liabilities				
Long Term Liabilities				
10% Debenture	\$300,000.00			
Total Long Term Liabilities		<u> </u>	\$300,000.00	1
Current Liabilities				
Trade payables	\$243,200.00			
Accruals	\$62,500.00			
Total Current Liabilities		<u> </u>	\$305,700.00	1
Total Liabilities			<u> </u>	\$605,700.00
Net Assets				
			<u> </u>	\$1,083,955.00
Equity				
Owner/Shareholder's Equity				
Ordinary shares of \$2 each	\$1,000,000.00			
General reserve	\$174,000.00			
Share premium	\$94,415.00			
Total Owner/Shareholder's Equity		<u> </u>	\$1,268,415.00	
Retained Earnings			\$203,740.00	
Current Year Earnings			(\$388,200.00)	
Total Equity			<u> </u>	\$1,083,955.00
			<u> </u>	1
				5

4.

Candidate Number + Specific Code						
Aged Receivables [Detail]						
31/3/2010						
ID#	Date	Total Due	0 - 30	31 - 60	61 - 90	90+
Kenny Ltd						
AR002						
Net 60						
S0414	1/3/2010	\$112,700.00	\$112,700.00			
S0211	5/1/2010	\$0.00			\$0.00	
S0343	9/2/2010	\$0.00		\$0.00		
Total:		\$112,700.00	\$112,700.00	\$0.00	\$0.00	\$0.00
Kim Ltd						
AR004						
5% 30 Net 60						
S0416	1/3/2010	\$0.00	\$0.00			
CN0416	10/3/2010	\$0.00	\$0.00			
Total:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Kings Ltd						
AR005						
5% 30 Net 60						
S0417	1/3/2010	\$0.00	\$0.00			
CN0417	10/3/2010	\$0.00	\$0.00			
Total:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prime Ltd						
AR003						
5% 30 Net 60						
S0415	1/3/2010	\$108,000.00	\$108,000.00			
Total:		\$108,000.00	\$108,000.00	\$0.00	\$0.00	\$0.00
Smith Ltd						
AR001						
5% 30 Net 60						
S0132	21/12/2009	\$35,000.00				\$35,000.00
S0413	1/3/2010	\$105,000.00	\$105,000.00			
S0121	15/12/2009	\$0.00				\$0.00
Total:		\$140,000.00	\$105,000.00	\$0.00	\$0.00	\$35,000.00
Grand Total		\$360,700.00	\$325,700.00	\$0.00	\$0.00	\$35,000.00
Ageing Percent			90.3%	0.0%	0.0%	\$9.7

5.

Candidate Number + Specific Code								
Bank Register								
1/3/2010 To 31/3/2010								
ID#	Src	Date	Memo/Payee	Deposit	Withdrawal	Balance		
1-2110	Cash at Bank							
R777	CR	15/3/2010	Payment; Kim Ltd	\$93,100.00		\$603,060.00	1	
R778	CR	15/3/2010	Payment; Kings Ltd	\$83,600.00		\$686,660.00	1	
R779	CR	15/3/2010	Payment; Smith Ltd	\$75,000.00		\$761,660.00	1	
R780	CR	15/3/2010	Payment; Kenny Ltd	\$126,000.00		\$887,660.00	1	
232354	CD	18/3/2010	Johnson Ltd		\$69,350.00	\$818,310.00	1	
232355	CD	18/3/2010	Vincent Ltd		\$82,650.00	\$735,660.00	1	
232356	CD	18/3/2010	Anson Ltd		\$54,250.00	\$681,410.00	1	
232357	CD	26/3/2010	Motor expenses		\$13,200.00	\$668,210.00	1	
232358	CD	26/3/2010	Advertising		\$6,700.00	\$661,510.00	1	
232359	CD	26/3/2010	Miscellaneous expenses		\$2,680.00	\$658,830.00	1	
232360	CD	26/3/2010	Utilities		\$3,065.00	\$655,765.00	1	
232361	CD	26/3/2010	Carriage outwards		\$8,500.00	\$647,265.00	1	
232362	CD	26/3/2010	Entertainment expenses		\$11,500.00	\$635,765.00	1	
232353	CD	31/3/2010	Second hand motor Vehicle		\$80,000.00	\$555,765.00	1	
R781	CR	31/3/2010	Issue new shares	\$250,000.00		\$805,765.00	1	
				<u>\$627,700.00</u>	<u>\$331,895.00</u>		<u>15</u>	

6.

Candidate Number + Specific Code						
General Journal						
1/3/2010 To 31/3/2010						
ID#	Acct#	Account Name	Debit	Credit	Job No.	
GJ 31/3/2010		Inventory Adjustment				
	GJ000001	5-4000 Inventory Adjustment	\$92,300.00			1
	GJ000001	1-2300 Inventory		\$92,300.00		0.5
	GJ000001	1-2300 Inventory	\$83,900.00			0.5
	GJ000001	5-4000 Inventory Adjustment		\$83,900.00		1
GJ 31/3/2010		Prepaid rates				
	GJ000002	1-2400 Prepayment	\$1,200.00			1
	GJ000002	6-4400 Rent & Rates		\$1,200.00		0.5
GJ 31/3/2010		Accrued expenses				
	GJ000003	6-5130 Wages & Salaries	\$40,000.00			0.5
	GJ000003	9-1000 Debenture interest	\$10,000.00			0.5
	GJ000003	6-1050 Accounting Fees	\$12,500.00			0.5
	GJ000003	2-2210 Accruals		\$62,500.00		1
GJ 31/3/2010		Depreciation				
	GJ000004	6-1300 Depreciation	\$65,000.00			1
	GJ000004	1-1520 Office Equip Accum Dep		\$65,000.00		0.5
	GJ000004	6-1300 Depreciation	\$120,840.00			1
	GJ000004	1-1720 Motor Vehicles Accum Dep		\$120,840.00		0.5
GJ 31/3/2010		Correction of errors				
	GJ000005	6-4400 Rent & rates	\$3,410.00			0.75
	GJ000005	9-2000 Bank charges		\$1,350.00		0.75
	GJ000005	6-1200 Suspense		\$2,060.00		0.5
		Grand Total:	\$429,150.00	\$429,150.00		12

(Total: 60 marks)

Section C: Short Questions (20 marks)

1. a.

	\$	\$	Unit <u>cost</u>	\$		Marks
Sales		240,000	40	100%		[1]
Less: Variable expenses:						
Direct materials	48,000					
Direct labour	60,000					
Variable factory overheads	12,000					
Variable selling and other expenses	<u>24,000</u>	<u>144,000</u>	<u>24</u>	<u>60%</u>		[1]
Contribution margin		96,000	<u>16</u>	<u>40%</u>		[1]
Less: Fixed expenses:						
Fixed factory overheads	30,000					
Fixed selling and other expense	<u>42,000</u>	<u>72,000</u>				
Net profit					<u>24,000</u>	

The break-even point in units would be $\$72,000 \div \$16 = 4,500$ units. **[2]**

(5 marks)

b. $6,000 \times 125\% = 7,500$ units **[0.5]**

	\$				
Sales (7,500 units × \$40)		300,000			[0.5]
Less: Variable expenses (7,500 units at \$24)		<u>180,000</u>			[0.5]
Contribution margin		120,000			[0.5]
Less: Fixed expenses		<u>72,000</u>			[0.5]
Net profit		<u>48,000</u>			[0.5]

(3 marks)

c. $(\$72,000 + \$50,000) \div 0.40 = \$305,000$ **(2 marks)**

(Total: 10 marks)

2. Production cost (absorption costing):

	\$	Marks
Direct materials cost (per pack)	10	[0.5]
Direct labour cost (per pack)	5	[0.5]
Variable factory overheads (per pack)	8	[0.5]
Fixed factory overheads (\$100,000 / 50,000)	<u>2</u>	[1]
Production cost (per pack)	<u>25</u>	[0.5]

Production cost (marginal costing):

	\$	
Direct materials cost (per pack)	10	[0.75]
Direct labour cost (per pack)	5	[0.75]
Variable factory overheads (per pack)	<u>8</u>	[0.75]
Production cost (per pack)	<u>23</u>	[0.75]

(Total: 6 marks)

3. (i) Integrity

A professional accountant should be straightforward and honest in all professional and business relationships.

(ii) Objectivity

A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

(iii) Professional Competence and Due Care

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques.

(iv) Confidentiality

A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose.

(v) Professional Behaviour

A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the professional.

(Any two, 2 marks each, total 4 marks)

*** * * End * * ***