SINGAPORE POLYTECHNIC

SCHOOL OF BUSINESS

**ACCOUNTING BA9026**

**ACCOUNTING EP0709**

2024/2025Semester 2

Mid-Semester Test

Suggested solutions

**Question 1(a)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| October | Description | | Debit ($) | Credit ($) |  |
| 1 | Cash |  | 33,000 |  |  |
|  |  | Ordinary share capital |  | 33,000 |  |
|  |  |  |  |  |  |
| 3 | Inventory |  | 32,000 |  |  |
|  |  | Accounts payable, Matt Traders |  | 32,000 |  |
|  |  |  |  |  |  |
| 5 | Cash |  | 12,000 |  |  |
|  |  | Bank Loan |  | 12,000 |  |
|  |  |  |  |  |  |
| 10 | Accounts payable, Matt Traders | | 8,000 |  |  |
|  |  | Inventory |  | 8,000 |  |
|  |  |  |  |  |  |
| 14 | Accounts receivable, Sally |  | 22,000 |  |  |
|  |  | Sales |  | 22,000 |  |
|  |  |  |  |  |  |
|  | Cost of sales | | 18,000 |  |  |
|  |  | Inventory |  | 18,000 |  |
|  |  | |  |  |  |
| 17 | Sales return | | 7,000 |  |  |
|  |  | Accounts receivable, Sally |  | 7,000 |  |
|  |  |  |  |  |  |
|  | Inventory | | 5,500 |  |  |
|  |  | Cost of sales |  | 5,500 |  |
|  |  |  |  |  |  |
| 20 | Office equipment |  | 14,000 |  |  |
|  |  | Cash |  | 4,000 | ½ |
|  |  | Accounts payable, Sigma P/L |  | 10,000 | ½ |
|  |  |  |  |  |  |
| 24 | Prepaid insurance | | 8,600 |  |  |
|  | Cash | |  | 8,600 |  |
|  |  | |  |  |  |
| 26 | Inventory |  | 7,600 |  |  |
|  |  | Accounts payable, Ahmad Traders |  | 7,600 |  |
|  |  |  |  |  |  |
| 27 | Cash | | 12,000 |  |  |
|  |  | Unearned consulting services |  | 12,000 |  |
|  |  |  |  |  |  |
| 30 | Salary expense | | 14,700 |  | ½ |
|  | Rent expense |  | 13,300 |  | ½ |
|  |  | Cash |  | 28,000 |  |
|  |  |  |  |  |  |

✓ = 1 mark (½ mark for correct account name and ½ mark for correct amount)

(26 marks)

## **Question 1(b)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Net profit (net loss) = 22,000 - 18,000 - 7,000 + 5,500 – 14,700 - 13,300 | | | | | |
|  | = (25,500) ✓✓ |  |  |  |  |

(2 marks)

**Question 1(c)**

(i) Total liabilities

= 10,000 ✓+ 32,000 + 12,000 – 8,000 + 10,000 + 7,600 + 12,000

= 75,600 ✓✓

(3 marks)

(ii) Total shareholder’s equity = 84,000 ✓+ 33,000 – 25,500

= 91,500 ✓

(2 marks)

**Question 1(d)**

½ Analyse each transaction and event from source documents, ½ Record relevant transactions and events in a general journal, ½ post journal information to general ledger accounts and ½ prepare the trial balance.

(2 marks)

**(Total 35 marks)**

**Question 2 (a)**

Statement of Profit or Loss for the year ended 30 June 2024

|  |
| --- |
|  |
| Sales Revenue | | 120,000  |  |  |
| Less Sales Returns | | 6,700  |  |  |
| Net sales | |  | 113,300  |  |
| Less: Cost of sales | |  | 98,000  |  |
| Gross profit | |  | 15,300  |  |
| Less: Operating Expenses | |  |  |  |
| Rental expense | | 9,200  |  |  |
| Advertising expense | | 7,500  |  |  |
| Salary expense | | 12,600  |  |  |
| Total operating expenses | |  | 29,300  |  |
| Net loss | |  | (14,000) |  |
|  | |  |  |  |

= 1 mark (½ mark for description and ½ mark for figure)

½ mark or 1 mark is deducted for wrong format

(10 marks)

**Question 2 (b)**

The first concept that is violated is the Historical Cost concept.

The second concept that is violated is the Going Concern concept.

(2 marks)

**Question 2 (c)**

Assets are overstated by 12k and shareholders’ equity is overstated by 12k

(3 marks)

(Total:15 marks)