

FANLING LUTHERAN SECONDARY SCHOOL
2021-2022 First Term Uniform Test

S.6 BUSINESS, ACCOUNTING & FINANCIAL STUDIES

Marking Scheme

SECTION A (30 marks)

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

Section B (30 marks)

1.

Purchases

	\$		\$
Joseph	30,000	Drawings	11,000

Joseph

	\$		\$
		Purchases	30,000

Sales

	\$		\$
		Lawrence [$\$21,000 \times (1 - 2\%)$]	20,580

Lawrence

	\$		\$
Sales	20,580	Cash at bank [$\$20,580 \times (1 - 5\%)$]	19,551
		Discounts allowed ($\$20,580 \times 5\%$)	1,029

Drawings

	\$		\$
Purchases	11,000		

Discounts allowed

	\$		\$
Lawrence	1,029		

Cash at bank

	\$		\$
Lawrence	19,551		

(Total 10 marks)

2. (a)

Kaiser's firm
Income Statement for the year ended 31 December 2020

	\$	\$
Sales		2,651,000
Less Returns inwards		73,000
		2,578,000
Less Cost of goods sold :		
Purchases	2,016,000	
Add Carriage inwards	52,000	
	2,068,000	
Less Closing inventory	500,000	1,568,000
Gross profit		1,010,000
Add Other revenue :		
Interest income		5,000
		1,015,000
Less Expenses :		
Discounts allowed	48,000	
General expenses	1,000,000	1,048,000
Net loss		(33,000)

(b)

Kaiser's firm
Statement of Financial Position as at 31 December 2020

	\$	\$
Non-current assets		
Furniture and fixtures		2,900,000
Current assets		
Inventory	500,000	
Term deposit (to be matured in September 2021)	200,000	
Trade receivables	800,000	
Utility deposit	6,000	
	1,506,000	
Less Current liabilities :		
Trade payables	750,000	
Bank overdraft	1,000	
	751,000	
Net current assets		755,000
		3,655,000
Financed by:		
Capital		
Balance as at 1 January 2020		3,779,000
Less Net loss for the year		33,000
		3,746,000
Less Drawings		91,000
		3,655,000

(Total 20 marks)

Section C (50 marks)

1. (a) sunk cost
- (b) opportunity cost
- (c) mixed cost
- (d) fixed cost
- (e) variable cost
- (共 10 分)

2. (a) The contribution margin for each unit of the product = \$500 – \$120 – \$60 – \$200 – \$50 = \$70
- (b) Total fixed cost = \$120,000 + \$300,000 = \$420,000
The breakeven sales unit = \$400,000/ \$70 = 6,000 units
The breakeven sales revenues = 6,000 x \$500 = \$3,000,000
- (c) Unit contribution before the price change = \$700 – \$120 – \$60 – \$200 – \$50 = \$270
Net profit before the price change = 15,000 x \$70 – \$420,000 = \$630,000
Net profit after the price change = 12,000 x \$270 – \$420,000 = \$2,820,000
Jenny Company should increase the price as the net profit would increase after the change.
- (共 10 分)

3. (a)

Income statement for Andy Co for the year ended 31 December 2019

	\$	\$
Sales (19,000 × \$360)		6,840,000
Less: Cost of goods sold:		
Direct labour (20,000 x \$50)	1,000,000	
Direct materials (20,000 x \$90)	1,800,000	
Variable manufacturing overheads (20,000 x \$10)	200,000	
Fixed manufacturing overheads	600,000	
	3,600,000	
Less: Closing inventory [(\$3,600,000/20,000) × 1,000]	(180,000)	(3,420,000)
Gross profit		3,420,000
Less: variable non-manufacturing overheads /commission (\$6,840,000 x 10%)		(684,000)
Fixed non-manufacturing overheads /annual income (\$40,000 × 12)		(480,000)
Net profit		2,256,000

(b)

Income statement for Andy Co for the year ended 31 December 2019

	\$	\$
Sales (19,000 × \$360)		6,840,000
Less: Variable cost of goods sold:		
Direct labour (20,000 × \$50)	1,000,000	
Direct materials (20,000 × \$90)	1,800,000	
Variable manufacturing overheads (20,000 × \$10)	200,000	
	3,000,000	
Less: Closing inventory [(\$3,000,000/20,000) × 1,000]	(150,000)	(2,850,000)
Product contribution margin		3,990,000
Less: Variable non-manufacturing overheads /Sales commission		(684,000)
Contribution		3,306,000
Less: Fixed manufacturing overheads		(600,000)
Fixed non-manufacturing overheads /annual income (\$40,000 × 12)		(480,000)
Net profit		<u>2,226,000</u>

(d) Cost saved per unit (by purchasing the components) = \$50 × 15% + \$1 + \$10 × 10% = \$9.5

Cost of purchasing the components (per unit) = \$10

Andy Co should not accept the offer as cost saved per unit would higher than the cost of purchasing the component. Purchasing the components would increase the manufacturing cost per unit by \$0.5.

(共 30 分)