Fanling Lutheran Secondary School

2024-2025 First Term Uniform Test S6 BUSINESS, ACCOUNTING & FINANCIAL STUDIES

Name:		
Class:	()
Seat No.:		

QUESTION-ANSWER BOOK

November 6, 2024 Time allowed: 1 hour 30 minutes

Instructions:

- 1. This paper consists of 6 pages.
- 2. Full marks of this paper is 98.
- 3. Write your Name, Class, Class No., Seat No. and Group No. in the spaces provided on Page 1.
- 4. This paper must be answered in English.
- 5. Write your answer in the spaces provided in this Question-Answer Book. Do not write in the margins. Answers written in the margins will not be marked.
- Supplementary answer sheets will be provided on request. Write your Class Number, mark the question number box and staple them to this Question-Answer Book.

Question No.	Marker's Use Only
Section A	
1	
2	
Section B	
1	
2	
3	
4	
Total	

Section A (30 marks)

1. Net profit for the year amounted to \$300,000. Drawings made on 1 July 2024: Li \$18,000, Chan \$12,000. Rate of interest on drawings: 15% per annum. Capital balance and Current balance of Li and Chan are \$40,000, \$50,000 and \$10,000, \$14,000 respectively. Rate of interest on capital: 5% per annum. Li was entitled to an annual salary of \$13,550. The share profits and losses of Li and Chan are in the ratio of 4:1.

REQUIRED: Prepare the appropriation account of the partnership for the year ended 31 December 2024 and the partners' current accounts in columnar form.

(Total 15 marks)

Appropriation account					
	\$		\$	\$	
	<u> </u>	Ĺ			

Current					
	Li	Chan		Li	Chan
	\$	\$		\$	\$
L					

2. Man and Lee were in partnership, sharing profits and losses in the ratio of 2: 3. Capital of Man and Lee are \$40,000 and \$50,000. Goodwill was valued at \$80,000. It was decided that no account is to be kept for goodwill. On 1 January 2024, Wu was admitted to the partnership with capital contribution of \$90,000 by cheque. Premise has risen from \$70,000 to \$120,000, motor vehicles has dropped from \$40,000 to \$30,000, A bad debt recovery of \$6,000 would be collected from trade receivables, An increase in allowance for doubtful account of \$1,000, revaluation fees of \$9,000 were paid. The profits and losses sharing ratio of Man, Lee and Wu are 2:3:5.

REQUIRED: Prepare the revaluation account and the partners' capital accounts in columnar form to record the admission of Wu

(Total 15 marks)

Revaluation					
	\$	\$	\$		
		 			
L	LL	<u> </u>			

Capital								
	Man		e	Wu		Man	Lee	
	\$		\$	\$		\$	\$	\$

Section	R	(68	marks)
Section	D	w	marks

Nice Company manufactures and sells a single product which is sold at a unit price of \$100. It maintains a 1. variable cost to sales ratio of 70%. The company does not keep inventory of the product. Budgeted information for May 2024 is extracted below: Sales: \$1,200,000 Production overheads: \$5 per unit Salary of factory supervisors: **Production quantity (unit)** Monthly salary 0 to 7,000 \$100,000 7,001 to 14,000 \$120,000 \$140,000 14,001 to 21,000 Factory rent: \$150,000 per month Administrative expenses: Sales quantity (unit) Monthly expenses 7,000 \$36,240 14,000 \$53,740 21,000 \$78,240 **REQUIRED:** (a) With reference to the above information, classify each of the following cost items (1) to (4) into fixed cost, variable cost, mixed cost or step cost: (1) Production overheads (2) Salary of factory supervisors (3) Factory rent (4) Administrative expenses (b) Use the high-low method to calculate the variable component and the fixed component of the administrative expenses. (c) Calculate the contribution margin per unit for May 2024. (d) Calculate the breakeven sales amount for May 2024. (e) Calculate the margin of safety (in unit) for May 2024. (Total 15 marks) (a) (1) _____ (2) ____ (3) ____ (4) ____ (c) _____

follor	wing intormation for the vear 7077 is available.			
(i)	wing information for the year 2023 is available: Actual production cost per unit of Product Y:			
(1)	Actual production cost per unit of Froduct 1:	Ф		
	Direct material cost	\$ 5.3		
	Direct labour cost (\$45 per direct labour hour)	13.5		
	Variable production overheads	6		
	Fixed production overheads	?		
(ii)	The predetermined fixed production overhead absor	ption rate was	\$5 per direct labour hour	. Actual fix
	production overheads for 2023 were the same as the b	udgeted amour	it.	
(iii)	The budgeted and actual production quantity were 45.	000 units and 4	7,000 units respectively.	
(iv)	The budgeted and actual sales quantity were the same			
(v)	The contribution margin ratio was 35%.			
(vi)	The closing inventory was 3,500 units.			
(vii)	Actual selling expenses for 2023 were \$138,750.	This was the	same as budgeted. The	variable
` /	component of the selling expenses was \$2.5 per unit,		_	
_	UIRED:			
(a)	Calculate the variable cost of product Y per unit.			
(b)	Calcualte the selling price of product Y per unit.			
(c)	Prepare the income statement for the year ended 31 De	ecember 2023 u	ising the marginal costing	system.
(d)	If the absorption costing system is used instead, expla	in how the net	profit of 2023 will be affect	cted with
	supporting calculation.			
			(Total 1	18 marks)
(a) _				
(a) _ (b) _				
(b) _	Joey Com	pany	using marginal costing	
(b) _		pany	using marginal costing	
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(b) _	Joey Com	pany	using marginal costing \$	

3. Megan Company produces and sells three kinds of water sports gears: paddles, kayaks and surfboards. The proportion of sales quantity of paddles and kayaks is maintained at a sales mix ratio of 2:1. Budgeted figures for the products for next year are as follows:

	Paddle	Kayak	Surfboard
Unit of production and sales	5,000 units	2,500 units	4,000 units
Selling price per unit	\$80	\$500	\$400
Direct material cost per kg	\$50	\$75	\$60
Direct materials per unit	0.5 kg	4 kg	2 kg
Direct labour cost per unit	\$4	\$12	\$70
Selling expenses per unit	\$1	\$18	\$10
Fixed manufacturing overhead costs	\$120,000	\$120,000	\$960,000

REO	UIRED:	
KEU	UIKED:	

- (a) Calculate:
 - (1) the production cost per unit of surfboards.
 - (2) the contribution margin per sales mix of paddles and kayaks.
- (b) Assuming 3,000 units of kayaks will be sold next year, and the sales mix ratio of paddles and kayaks will be maintained, calculate the sales quantity of surfboards at which Megan Company will break even.
- (c) Assuming 4,920 units of surfboards will be sold next year, and the sales mix ratio of paddles and kayaks will be maintained, calculate the sales quantity of paddles at which Megan Company will achieve a target profit of \$270,000.

(Total 19 marks)

(a)	(1)	
	(2)	
/l- \		
(a)		
(c)		
(८)		

- 4. Jacky Company is a watch manufacturer established on 1 January 2024. In its first year of operations, the production quantity and sales quantity of watches were 6,000 units and 5,000 units respectively. The information for the year ended 31 December 2024 is given below:
 - (i) The fixed manufacturing overheads for 2024 were budgeted at \$2,400,000. The company uses the absorption costing system and absorbs the fixed manufacturing overheads based on direct labour hours.
 - (ii) It was estimated that 30,000 direct labour hours would be used in 2024.
 - (iii) The following actual data for the year ended 31 December 2024 is provided:

	\$
Sales	4,800,000
Direct materials purchased	700,000
Inventory of direct materials, 31 December	100,000
Direct labour cost (hourly wage rate \$60)	1,800,000
Fixed manufacturing overheads	2,000,000
Administrative overheads	500,000

REQUIRED:

(a)

- (a) Calculate the predetermined fixed manufacturing overhead absorption rate for 2024.
- (b) Calculate the under-absorption or over-absorption of fixed manufacturing overheads for 2024.
- (c) Using the absorption costing system and based on the predetermined fixed manufacturing overhead absorption rate, prepare an income statement for the year ended 31 December 2024, showing the under-absorption or over-absorption of fixed manufacturing overheads.

(Total 16 marks)

b)			
e)	Income statement for the year ended 31 December 2024		
	·	\$	
			,

End of Paper