



SUBJECT: **Accounting**
 PAPER NUMBER: I
 DATE: 5th May 2022
 TIME: 4:00 p.m. to 6:05 p.m.

Answer **ALL** questions. Questions 1-10 are multiple choice and carry 2 marks each. Questions 11-14 carry 20 marks each.

For questions 1 to 10, copy the following table on your booklet and insert the letter that best describes the correct answer in the row below the question number.

1	2	3	4	5	6	7	8	9	10

- The information for the preparation of the sales returns day book is obtained from:
 - invoices received.
 - invoices sent out.
 - credit notes sent out.
 - bank statements.
- The sales account is:
 - a book of original entry.
 - a ledger account.
 - a day book.
 - a day book and a ledger account.
- The main purpose of an allowance for doubtful debts is to:
 - set aside cash for amounts that are unlikely to be received from receivables.
 - write off receivable accounts.
 - ensure that all customers pay their account.
 - charge amounts that are unlikely to be received from receivables against profit.
- A business keeps a petty cash float of €500. During a period, €410 have been spent. How much will be reimbursed at the end of the period according to the imprest system?
 - €410.
 - €90.
 - €500.
 - €910.

5. The depreciation charge for 2021 was omitted from the financial statements of 2021. Which of the following reflects the effects of this error on the 2021 financial statements?
- net profit was overstated.
 - non-current assets were overstated.
 - net profit and non-current assets were overstated.
 - net profit and non-current assets were understated.

6. Purchases on credit of €5,000 were subject to a trade discount of 15%. The correct double entry is:

Debit	€	Credit	€
a) Trade payables account	4,250	Purchases account	4,250
b) Trade payables account	750	Discount received account	750
c) Purchases account	5,000	Discount received account	5,000
d) Purchases account	4,250	Trade payables account	4,250

7. Which of the following is capital expenditure?
- machine parts replacing damaged ones.
 - wages paid to factory workers.
 - installation cost of a new machine.
 - none of the above.
8. The working capital of a business is calculated as follows:
- total assets less total liabilities.
 - total assets less non-current assets.
 - capital plus non-current liabilities.
 - current assets less current liabilities.
9. Which of the following expenses does **not** involve cash movement?
- depreciation.
 - insurance.
 - water & electricity.
 - none of the above.
10. The purpose of a trial balance is:
- to check the arithmetical accuracy of the double entry system.
 - to calculate the proprietor's capital.
 - to prepare a statement of affairs.
 - to calculate net profit.

(Total: 20 marks)

11. a) Identify **TWO** users of financial statements and state why **each** user would seek this financial information. (3)
- b) What is an allowance? Distinguish between an allowance for depreciation and an allowance for doubtful debts. (1,2)
- c) Distinguish between cash and trade discounts. What is the difference in the accounting for trade discounts and cash discounts? (2,1)
- d) Distinguish between a sales journal and a sales ledger. (2)
- e) Vanni has just started a business. The following are a few of the transactions of his business for the first week of March 2022:

March 1	Credit purchases list price €800 from Guzi, trade discount of 20%. Paid €40 on account by cheque.
March 2	Sold goods on credit to Sina €450 and cash sales to Pina €120.
March 3	Sina returned €50 of these goods to Vanni.
March 4	Paid Guzi by cheque the balance due less 5% cash discount.
March 5	Sina settled the account by cheque after deducting 2.5% cash discount.

Required:

Prepare the ledger accounts of Vanni for the first week of March 2022. Do **not** balance off the accounts. (9)

(Total: 20 marks)

12. a) What is the purpose of the manufacturing account? (1)
- b) Distinguish between direct costs and indirect costs. (2)
- c) Differentiate between fixed and variable costs. Give **ONE** example of **each** cost. (2,2)
- d) Name **THREE** different elements of factory costs. (3)
- e) Drapes Ltd designs and manufactures curtains. The following costs have been given for the year ended 31 December 2021:

	€
Purchase of raw materials	160,000
Opening inventory of raw materials	15,000
Closing inventory of raw materials	18,000
Carriage on purchases of raw materials	2,000
Opening inventory of work in progress	2,500
Closing inventory of work in progress	3,000
Direct wages	142,500
Indirect factory wages	206,500
Designer fees for curtain design	2,800
Repairs and maintenance of machines	4,300
Insurance of machinery	1,900
Power to operate the machines	2,700
Depreciation of machinery	5,750
General factory expenses	6,500
Factory rent	9,000
Factory water & electricity	12,500

Required:

Prepare the Manufacturing Account for the year ended 31 December 2021. (10)

(Total: 20 marks)***Please turn the page.***

13. a) State **TWO** reasons why a business prepares departmental profit statements. (2)
 b) Distinguish between the allocation and the apportionment of expenses in departmental accounts. (2)
 c) Differentiate between a bank statement and a bank reconciliation statement. (2)
 d) What is a sales ledger control account and what is its purpose? List **FOUR** different entries that can be found in a sales ledger control account. (2,2)
 e) Lina runs a retail business having two departments, stationery and toys. The following are some of the account balances which have been provided for the year ended 31 December 2021:

	€	€
Sales - stationery		180,000
Sales - toys		90,000
Purchases - stationery	105,000	
Purchases - toys	48,000	
Inventory at 1 January 2021 - stationery	2,500	
Inventory at 1 January 2021 - toys	1,800	
Salaries and wages - stationery	11,500	
Salaries and wages - toys	6,400	
Discounts allowed - toys	500	
Advertising	2,400	
Rent	9,200	
Water and electricity	6,000	
Insurance	2,100	
Administration wages	9,900	
Shop fittings at net book value - stationery	20,000	
Shop fittings at net book value - toys	10,000	

Notes:

- At 31 December 2021, inventory consisted of: stationery - €3,600; and toys - €2,500.
- Accrued salaries and wages amounted to €400 in the stationery department.
- Rent prepaid amounted to €200.
- Apportion advertising and insurance expenses equally between the departments.
- Apportion rent, water and electricity, administration wages as follows: 2/3 to the stationery department and 1/3 to the toys department.
- Provide for depreciation on shop fittings at 15% of the net book value.

Required:

Prepare the Departmental Statement of Profit or Loss for the year ended 31 December 2021, showing the gross profit and net profit of **each** department. (A total column is **not** required). (10)

(Total: 20 marks)

14. a) What are accounting concepts and what is their purpose? (2)
- b) Ćikka has included the expenses of her family’s holiday as an expense in the firm’s statement of profit or loss for the year, but her accountant excluded this amount from this statement. Name and explain the accounting concept that Ćikka’s accountant is applying in her decision. (3)
- c) Ćikka has also questioned her accountant on the accounting treatment of trade receivables who may fail to pay their accounts. She does not agree that an allowance for doubtful debts is to be maintained as she feels that a loss should only be recorded once the customers are declared bankrupt. Name and explain the accounting concept that Ćikka’s accountant is applying in her decision to create an allowance for receivables account. (3)
- d) Ćikka cannot understand why her accountant deducts closing inventory from purchases in the cost of sales section of the statement of profit or loss. She argues that a cost to acquire the inventory has been incurred. Name and explain the accounting concept that Ćikka’s accountant applies when calculating the cost of sales in the statement of profit or loss of the business. (3)
- e) The following balances were extracted from the Statements of Financial Position of Ćikka’s business as at 31 December:

	2020	2021
	€	€
Current Assets		
Insurance prepaid	1,250	2,500
Rent Receivable accrued	3,000	-
Current Liabilities		
Water & Electricity accrued	1,420	1,870
Rent Receivable prepaid	-	1,000

During the year ended 31 December 2021, Ćikka had received €16,000 rent by cheque, and paid insurance and water & electricity by cheque €7,250 and €5,520 respectively.

Required:

You are required to prepare the following accounts for the year ended 31 December 2021:

- i. Rent Receivable account; (3)
- ii. Insurance account; (3)
- iii. Water & Electricity account. (3)

(Total: 20 marks)



SUBJECT:	Accounting
PAPER NUMBER:	IIA
DATE:	6 th May 2022
TIME:	9:00 a.m. to 11:05 a.m.

Answer **BOTH** questions in Section A and **any TWO** questions from Section B.

SECTION A:

Answer BOTH questions in this section. This section carries 60 marks.

1. The following trial balance, relating to Marco's business, was extracted from the ledger accounts on 31 December 2021:

	€	€
Buildings	500,000	
Allowance for depreciation on Buildings (01/01/2021)		10,000
Motor Vehicles	85,000	
Allowance for depreciation on Motor Vehicles (01/01/2021)		36,300
Furniture & equipment	45,000	
Allowance for depreciation on Furniture & equipment (01/01/2021)		5,625
Trade receivables	21,000	
Trade payables		12,500
Inventory (01/01/2021)	30,000	
Sales		615,000
Purchases	285,000	
Carriage on sales	1,630	
Carriage on purchases	1,280	
Sales returns and purchases returns	3,600	1,100
Cash in hand	1,300	
Cash at bank	6,150	
5% Loan on furniture & equipment		10,000
Allowance for doubtful debts (01/01/2021)		1,600
Wages	56,000	
Water & electricity	2,200	
Communication expenses	2,000	
Interest on loan	200	
Discounts allowed and received	500	750
General maintenance	870	
Insurance	3,000	
Drawings	21,000	
Capital		372,855
	1,065,730	1,065,730

This question continues on next page.

The following information was available at year end:

- i) The value of the inventory at the end of the year amounted to 35,500.
- ii) Interest on the loan taken in the previous year to purchase additional furniture and equipment amounts to 5% per annum.
- iii) Commission receivable amounting to 1% of annual net sales is due to the firm.
- iv) General maintenance is seen to by a private contractor who charges the firm €90 per month.
- v) Buildings are depreciated at the rate of 2% on cost per annum, for each month of ownership. A garage costing €50,000 is included in the total cost of the buildings. This was purchased on 1 October 2021. The transaction for the purchase of the garage has already been accounted for but as yet, no depreciation has been charged.
- vi) Motor Vehicles are to be depreciated annually at the rate of 15% using the reducing balance method.
- vii) Furniture & equipment are to be depreciated annually at the rate of 20% on the net book value of the asset.
- viii) A payment for building insurance amounting to €600, included in the total amount for insurance expenses, is for the year ending 31 March 2022.
- ix) After a thorough inspection of the trade receivables at the end of the year, it was decided to increase the allowance for doubtful debts by €400.

Required:

- a) A statement for profit or loss for the year ended 31 December 2021. (15)
- b) A statement of financial position as at 31 December 2021. (15)

(Total: 30 marks)

2. The statement of financial position of Tessie Bartolo as at 31 December 2020 show the following balances:

	€	€	€
Non-Current Assets	At Cost	(Depreciation)	Net Book Value
Buildings	500,000	(50,000)	450,000
Machinery	360,000	(42,500)	317,500
Total NCA	860,000	(92,500)	767,500
Current Assets			
Trade Receivables	30,000		
Allowance for Doubtful Debts	(5,500)	24,500	

The following information is available for the financial year ending 31 December 2021:

- i) A machine costing €40,000 was bought on 1 July 2021. A deposit of €12,000 was made by cheque. The balance on the machine is owed to YT Engineering and shall be repaid over a period of 5 years.
- ii) A machine, no longer viable for the production process of Tessie’s firm, was sold off as second hand. The machinery was originally purchased for €15,000 on 1 January 2015. It was now sold off on 1 October 2021 for €3,000 received by cheque.
- iii) It is the policy of the firm to depreciate its Non Current Assets as follows:
 - Buildings at the rate of 2% per annum, charged on the original cost of the assets held at the end of the year;
 - Machinery at the rate of 15% on the net book value of the assets held at the end of the year

- iv) The total trade receivables at the end of the year amounted to €28,500.
- v) The firm charges a 100% allowance for doubtful debts on trade receivables it deems to be particularly doubtful. The previous balance on the allowance for doubtful debts was calculated as follows:
- €2,500 on the account T. Cassar. During the year this account was written off as bad.
 - €1,000 on the account of ABC Ltd. The client settled their account in full during the year.
 - €2,000 on the account of XYZ Ltd. During the year, the client settled half the balance on their account. The remaining balance is still deemed to be doubtful.
- vi) Another trade receivable, C. Hili, was also placed on the list of particularly doubtful debtors. The balance owing to the firm at 31 December 2021 amounted to €3,500.

Required:

For the year ended 31 December 2021, you are to prepare the following:

- a) The machinery account; (5)
- b) The allowance for machinery depreciation account; (11)
- c) The machinery disposal account; (4)
- d) The allowance for buildings depreciation account; (4)
- e) The allowance for doubtful debts account. (6)

Remember to show all necessary workings. Where necessary, round figures to the nearest €1.

(Total: 30 marks)

SECTION B:

Answer any TWO questions from this section. This section carries 40 marks.

3. Claire is a sole trader who does not keep a full set of accounting records. A list of her assets and liabilities at the beginning and end of the year were as follows:

	1 Apr 2021	31 Mar 2022
	€	€
Inventory at cost	10,000	13,000
Trade Receivables	16,000	18,200
Trade Payables	14,320	11,560
Cash	300	650

Claire's bank statement reveals that, among others, the following transactions took place during the year:

	€	€
Receipts from trade receivables		66,550
Cash sales banked		15,450
Payments to trade payables	47,110	
Payment for transport of goods from suppliers	650	

This question continues on next page.

Other additional information for the year ending 31 March 2022:

- i) Before banking cash sales Claire withdrew €7,000 as cash drawings and paid for maintenance expenses €5,300.
- ii) During the year Claire withdrew goods at cost for personal use adding up to a total worth of €4,500. No accounting entries have been made for this.
- iii) A trade receivable who owed the firm €1,700 was declared bankrupt. He repaid 30% of his debt by cheque (this is included as part of the receipts from trade receivables above). The remainder of his balance was to be written off. No entry in the accounts has yet been made for the 70% that the firm failed to recover.
- iv) During the year a total of €1,230 discounts were allowed by the firm to its customers. The firm received €890 discounts from suppliers.
- v) Goods returned to the firm amounted to €4,315.
- vi) €2,400 worth of goods were returned by the firm to its suppliers.
- vii) Mark Tabone is one of the firm’s frequent credit suppliers. During the year Mr Tabone bought goods valued €450 on credit from the firm. These were set-off against his balance in the Purchases Ledger.

Required:

For the year ended 31 March 2022, you are to prepare the following:

- a) A calculation of cash sales; (3)
- b) The Sales Ledger Control account; (5)
- c) The Purchases Ledger Control account; (4)
- d) An extract from the Statement of Profit or Loss of the firm showing the Trading account for the year. (8)

(Total: 20 marks)

4. The following list of balances and results has been taken from the financial statements of Ari Muscat at 31 December 2021:

	€
Sales	320,000
Gross Profit	98,300
Net Profit	33,500
Net non-current assets	125,500
Inventory (at 31 December 2021)	27,000
Trade Receivables	24,300
Trade Payables	19,400
Bank overdraft	200
Cash in hand	350
Capital	110,500

The following averages reflect the current average situation reported for the industry:

Gross profit margin	27%
Net profit margin	12%
Return on capital employed	21%
Current ratio	1.7:1
Quick (acid test) ratio	0.9:1

Required:

- a) Calculate the following ratios for the business of Ari Muscat (round answers to 2 decimal places):
- i. Gross profit margin; (1)
 - ii. Net profit margin; (1)
 - iii. Return on capital employed; (5)
 - iv. Current ratio; (2)
 - v. Quick (acid test) ratio. (2)
- b) Compare the results obtained for **each** ratio for the firm of Ari Muscat against those of the industry. Suggest **ONE** possible reason for the difference between the business's results to the average reported for the industry. (5)
- c) Comment about the general performance of the firm of Ari Muscat, as well as its liquidity position. (4)

(Total: 20 marks)

5. On 30 April 2022, the debit balance in Ta' Portelli Ltd's bank account, as shown in the cashbook, was €1,330. This did **not** agree with the balance on the bank statement issued on the same date by the bank. When the company accounts clerk checked the two documents, she identified the following discrepancies:
- i) A standing order for €520 payable as property insurance premium had been paid by the bank but no entries had been done in the cashbook;
 - ii) Five cheques amounting to a total of €950 had been drawn and posted in the Cashbook. These were **not** yet presented to the bank for payment;
 - iii) Marthese Cilia, a trade receivable, had settled her account of €630 by direct bank transfer. The cashbook showed no entry for this amount;
 - iv) Bank charges of €15 and bank interest of €5 had been both been charged by the bank, however these had not yet been entered in the firm's cashbook;
 - v) A cash and cheque deposit made on 29 April included a cheque for €1,350. The deposit had been recorded in full in the cashbook, however, by the time the bank statement was issued, this cheque had not yet been cashed by the bank. The cash deposited on the day is shown on the bank statement;
 - vi) A receipt of €600 by cheque from Rita Polidano had been recorded in the firm's cashbook as €60;
 - vii) A credit transfer for €70 relating to Marco Stivala had been treated in the books of the firm as a debit transfer.

Required:

- a) Update the firm's cashbook, deducing the bank balance which should have shown at 30 April 2022. (12)
- b) Prepare a Bank Reconciliation Statement at 30 April 2022 to compensate for any differences between the updated cashbook and the bank statement. (8)

(Total: 20 marks)



SUBJECT:	Accounting
PAPER NUMBER:	IIB
DATE:	6 th May 2022
TIME:	9:00 a.m. to 11:05 a.m.

Answer **BOTH** questions in Section A and **any FOUR** questions from Section B.

SECTION A:

Answer BOTH questions in this section. This section carries 40 marks.

1. Loredana Grima mends and makes alterations to clothes. Seeing Covid-19 as an opportunity she engaged two-part timers with her and started producing face masks. Orders were coming in from various clients including companies for their workers. The following is the trial balance as at 31 December 2021:

	€	€
Capital		30,000
Motor Vehicle	35,000	
Allowance for Motor Vehicle Depreciation 1 January 2021		7,000
Sewing Machines	8,000	
Allowance for Sewing Machines Depreciation 1 January 2021		2,400
Furniture	5,000	
Allowance for Furniture Depreciation 1 January 2021		1,000
IT Equipment	1,500	
Allowance for IT Equipment Depreciation 1 January 2021		750
Trade receivables	24,000	
Other receivables	1,000	
Trade payables		32,000
Drawings	500	
Inventory 1 January 2021	6,500	
Cash at bank	5,000	
Cash in hand	1,500	
Purchases	45,000	
Purchases Returns		600
Carriage on purchases	475	
Carriage on sales	525	
Sales		93,000
Wages	25,000	
Motor Vehicle Fuel	1,200	
Packaging	3,000	
Cleaning material covid-19	1,450	
Cleaning	600	
Insurance	600	
Water and Electricity	900	
	166,750	166,750

This question continues on next page.

The following information is also available for the year ended 31 December 2021:

- i) The closing inventory as at 31 December 2021 amounted to €5,500.
- ii) As from 1 January 2021, Loredana started using her personal garage which she turned into a working space, a fitting area and a shop. She decided to pay herself €1,200 per annum as rent which was still unpaid at the end of the year.
- iii) The employees' wages still unpaid at 31 December 2021 amounted to €600.
- iv) Insurance paid in advance at 31 December 2021 amounted to €100.
- v) As at year end, Loredana had to receive €300 from Malta Enterprise as part of the Water and Electricity refund scheme.
- vi) The following are the annual depreciation charges using the straight line method:

Motor Vehicles	20%
Sewing Machines	15%
Furniture	10%
IT Equipment	25%

Required:

- a) The statement of profit or loss for the year ended 31 December 2021. (12)
- b) A statement of Financial Position as at 31 December 2021. (8)

(Total: 20 marks)

2. Jack Rizzo is a sole trader and had no time to put the books in order. However, he managed to extract the following details from his books as at 31 March 2022.

	1 January 2022	31 March 2022
	€	€
Sales Ledger Balances	19,500	22,600
Purchases Ledger Balances	16,780	23,100

The following information was extracted from the bank statements:

	€
Receipts from Trade Receivables	18,680
Payments to Trade Payables	15,640

Jack remembered that he had received a further €180 in cash from a trade receivable. He also realised that €200 due from another customer are irrecoverable and are to be written off.

The inventory as per accounts for the year ending 31 December 2021 stood at €5,200. On 31 March 2022, Jack did a stock take and calculated that the closing inventory was €4,700.

Required:

- a) The Sales Ledger Control account. (7)
- b) The Purchases Ledger Control account. (6)
- c) The Trading Account for the 3 months ended 31 March 2022. (7)

(Total: 20 marks)

SECTION B:

Answer any FOUR questions from this section. This section carries 60 marks.

3. Darren is preparing the following non-current asset accounts at 31 December 2021, the end of the financial year. The balances of the accounts at 1 January 2021 were:

	Cost €	Depreciation €
Motor Vehicles	25,000	5,000
Buildings	60,000	3,000

During the year ended 31 December 2021 the following non-current assets transactions took place:

30 June 2021	A motor vehicle bought during 2020 for €25,000 was sold for spare parts after it had problems to function and was not repairable. It was sold for €1,500.
1 July 2021	Another motor vehicle was bought for €40,000.
1 August 2021	An extension for the existing building was undertaken. The cost of the extension was €40,000.

It is the company's policy to provide a whole year's depreciation to the non-current assets held at the end of the financial year using the following methods and rates:

Motor Vehicles	Straight Line Method	20%
Buildings	Reducing Balance Method	5%

Required:

Prepare the following accounts for the year ended 31 December 2021:

- a) The Motor Vehicle account; (2)
- b) The Motor Vehicle allowance for depreciation account; (4)
- c) The Motor Vehicle Disposal account; (4)
- d) The Buildings account; (2)
- e) The Buildings allowance for depreciation account. (3)

(Total: 15 marks)

Please turn the page.

4. Nora Zarb has prepared the following list of transactions for the month of April 2022, her first month in business, from the invoices and credit notes.

All the below transactions are net of VAT (excluding VAT). Apply a 10% VAT rate.

		€
April 2	Sales to J. Abela	500
April 6	Sales to H. Magro	650
April 8	Purchases from Stars Ltd.	800
April 9	Goods returned by H. Magro	100
April 10	Purchases from Maps Ltd.	450
April 12	Sales to N. Portelli	700
April 16	Purchases from Galaxy Ltd.	600
April 20	Purchases from Milky Way Ltd.	400
April 21	Sales to G. Pace	900
April 23	Goods returned to Stars Ltd.	200

Required:

Prepare the following for the month of April 2022:

- | | |
|------------------------------------|-----|
| a) The Sales Day Book; | (4) |
| b) The Sales Returns Day Book; | (1) |
| c) The Purchases Day Book; | (4) |
| d) The Purchases Returns Day Book; | (1) |
| e) The VAT account. | (5) |

(Total: 15 marks)

5. Daniela runs a small shop and records her cash and bank transactions in a three-column cash book. Due to measures being imposed on the use of cheques, Daniela is trying to avoid payment by cheques as much as possible. The following information relating to the month of January 2022 has been provided by her business.

January 1	Cash in hand €600 (debit balance), cash at bank €4,275 (debit balance).
January 2	Paid John Briffa by direct bank transfer €1,005, discount received from him €55.
January 5	Received from Darren Calleja a cheque amounting to €990, discount allowed to him €40.
January 10	Paid stationery by cash, € 250.
January 15	Bought stock by cash, €1,580.
January 15	Cash sales for the first half of the month, €2,650.
January 16	Deposited cash into the bank €1,450.
January 18	Withdrew cash from bank for personal expenses €80.
January 19	Issued a cheque amounting to €1,750 to John Briffa after deducting €60 discount received.
January 21	Withdrew cash from bank for office use, €500.
January 23	Received a direct deposit in the bank amounting to €1,635 from Darren Calleja after allowing him a discount of €25.
January 25	Paid John Galea €385 by direct bank transfer after receiving a discount of €65.

January 29	Paid office rent by cash, €550.
January 30	Cash sales for the month, €6,650.
January 30	Paid wages by cash €200 and €660 by cheque.

Required:

Prepare the three column cash book for the month of January 2022. (15)

(Total: 15 marks)

6. Tyron is trying to figure out why the bank statement balance and his cash book do not tally. He forwards you the bank statements he received for the month of March 2022 and the cash book for the same month to help him discover and correct any errors.

Bank Statement

		€	€	€
March 1	Balance b/f			14,000
March 2	Standing Order: Communication fees	225		13,775
March 3	Received from John Borg		600	14,375
March 5	Cheque 1153	450		13,925
March 10	Cheque 1150	165		13,760
March 14	A. Cassar credit transfer		265	14,025
March 26	B. Galdes credit transfer		587	?
March 28	Bank Charges	50		?
March 29	Standing Order: Subscription fee	35		?

Cash Book

2022			€	2022			€
March 1	Balance b/f		14,000	March 2	A. Falzon - chq.1150		165
March 22	P. Tonna		750	March 2	R. Zahra - chq. 1151		200
				March 2	K. Hili - chq 1152		225
				March 3	F. Cachia - chq 1153		450
					Balance c/f		13,710
			<u>14,750</u>				<u>14,750</u>

Required:

a) Update the cash book as at 31 March 2022. (8)

b) Prepare a bank reconciliation statement for the month of March 2022. (7)

(Total: 15 marks)

Please turn the page.

7. The following list of balances and results has been taken from the financial statements of Manolita at 31 December 2021:

	€
Cost of sales	225,000
Gross Profit	75,000
Net Profit	30,000
Net non-current assets	149,000
Inventory (at 31 December 2021)	27,000
Trade Receivables	23,900
Trade Payables	35,000
Bank overdraft	5,000
Cash in hand	100

Required:

Calculate the following for the business of Manolita:

- a) Gross profit margin ratio; (3)
- b) Total expenses; (1)
- c) Net profit margin ratio; (2)
- d) Capital employed; (3)
- e) Return on capital employed; (2)
- f) Current ratio; (2)
- g) Acid test (quick) ratio. (2)

(Total: 15 marks)