



SUBJECT: **Accounting**
 PAPER NUMBER: I
 DATE: 4th May 2023
 TIME: 9:00 a.m. to 11:05 a.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

1. A trial balance is:
 - a) a list of assets and liabilities.
 - b) a list of income and expenses.
 - c) a list of debit and credit balances.
 - d) a statement of financial position.

2. The purchases ledger contains:
 - a) the individual accounts of trade payables.
 - b) the purchases account.
 - c) the purchases day book.
 - d) the cash purchases.

3. A credit note issued to a customer is a document for:
 - a) purchases return.
 - b) sales return.
 - c) credit purchases.
 - d) credit sales.

4. Ella started a business with €50,000 in cash and a vehicle worth €20,000. At the end of her first year in business, she has €3,000 in the bank and the vehicle is now worth €18,000. She has equipment valued at €10,000, inventories of €25,000 and trade receivables amounting to €12,000. If she has withdrawn €2,000 from the business every month for private expenses, she has made:
 - a) a profit of €24,000.
 - b) a loss of €26,000.
 - c) a profit of €22,000.
 - d) neither a profit or a loss.

Questions continue on next page.

5. An allowance is:
- a charge against profit and an asset.
 - an asset.
 - a liability.
 - a charge against profit.
6. The correct double entry for a cash purchase from Anton €600, less 5% cash discount is:
- | | Debit | € | Credit | € |
|----|-------------------|-----|---------------------------|-----|
| a) | Purchases account | 600 | Anton account | 600 |
| b) | Purchases account | 570 | Anton account | 570 |
| c) | Anton account | 30 | Discount received account | 30 |
| d) | Purchases account | 570 | Cash account | 570 |
7. Which of the following is revenue expenditure?
- machine parts replacing damaged ones.
 - new equipment to increase machine productivity.
 - installation cost of a new machine.
 - transport cost to bring a new machine from overseas.
8. A fixed cost is a cost that:
- remains the same over the years.
 - changes with the level of production.
 - remains the same for all levels of production.
 - is incurred only by large manufacturing businesses.
9. A surplus of income over expenditure made by a Not-for-Profit organization will result in:
- a decrease in the accumulated fund.
 - an increase in net assets and an increase in the accumulated fund.
 - an increase in the bank account and an increase in the liabilities.
 - an increase in the accumulated fund and no change in net assets.
10. The book value of IT Equipment is €40,000. However, an IT Consultant advised the business that should the equipment be sold, the proceeds from disposal will not be higher than €10,000 due to the continuous improvement in technology. The business does not plan to sell the non-current asset. Which of the following is correct?
- €10,000 Non-Current Asset; €30,000 loss.
 - €10,000 Non-Current Asset.
 - €40,000 Non-Current Asset; €30,000 loss.
 - €40,000 Non-Current Asset.

(Total: 20 marks)

11. a) Name **FOUR** books of original entry. (2)
 b) Differentiate between cash and trade discounts. Why is the accounting treatment of cash discounts different from that of trade discounts? (2,2)
 c) Distinguish between a journal and a ledger. (2)
 d) What does a credit balance in the VAT account imply? (1)
 e) The following are few of the balances taken from the accounts of Nina's business:

Balances 1 April 2023

	€
Total Trade Receivables	17,400
Total Trade Payables	14,200
Sales	108,000
Purchases	74,000
Bank (Dr balance)	5,500
VAT (Cr balance)	1,200

In addition to the above balances, Nina provided you with the following business transactions for the first week of April 2023:

- i) Total credit purchases for the week, list price €6,200, less 20% trade discount. 10% VAT is still to be applied.
 ii) Total credit sales for the week €5,700 excluding 10% VAT.
 iii) Total cash sales banked for the week €3,300 including 10% VAT.
 iv) Trade receivable accounts of €2,500 were settled, less 5% cash discount. All receipts were banked.
 v) Total cheque payments to creditors during the week €1,900.

Required:

Prepare the ledger accounts of Nina for the first week of April 2023 **starting from the opening balances**. Do **not** balance off the accounts. (11)

(Total: 20 marks)

12. a) What is the purpose of a departmental statement of profit or loss? (1)
 b) Distinguish between the allocation and the apportionment of costs. Give **ONE** example of an allocated cost and **ONE** example of an apportioned cost. (2,2)
 c) Differentiate between a direct debit and a credit transfer in the bank statement. (2,2)
 d) What is the purpose of a bank reconciliation statement? (1)
 e) The bank columns of Mimi's cash book for the month of April 2023 is shown below:

Cash Book					
		€			€
01-Apr	Balance b/d	2,300	03-Apr	Insurance	890
06-Apr	T Tulip	2,100	08-Apr	Rent	1,500
12-Apr	Cash	550	21-Apr	R Robin	125
19-Apr	Cash	1,700	29-Apr	F Finch	1,300
29-Apr	Cash	2,600	30-Apr	S Sparrow	1,900
30-Apr	S Sunflower	650	30-Apr	Bal c/d	4,185
		9,900			9,900

This question continues on next page.

When reconciling the bank statement received on 5 May 2023 with the above cash book, Mimi noted that:

- The cheques payable to R Robin and S Sparrow were not presented to the bank by 30 April 2023.
- The bank statement shows a direct debit of €150 for water and electricity made on 25 April 2023.
- The cash deposit of 29 April 2023 had not been credited by the bank.
- Bank charges of €45 for April were in the bank statement.
- A credit transfer from D Daisy of €280 had been credited in the bank statement on 30 April 2023.

Required:

- i) An updated cash book at 30 April 2023; (5)
- ii) A bank reconciliation statement as at 30 April 2023 calculating the balance in the bank statement. (5)

(Total: 20 marks)

13. a) Explain why a business may earn a profit but has a bank overdraft balance. List **FOUR** examples to support your answer. (2, 2)
- b) Distinguish between working capital and capital employed. (4)
- c) Name **FOUR** users of accounting information. (2)
- d) Identify **TWO** purposes of accounting ratios. (2)
- e) Lela’s Statement of Profit or Loss for her latest financial year was as follows:

	€	€
Sales		500,000
Less Cost of sales:		
Opening inventory	45,000	
Purchases	380,000	
Closing inventory	(50,000)	
		(375,000)
Gross profit		125,000

Additional information:

Net profit to sales % (net profit margin)	10%
Current assets	€160,000
Current liabilities	€100,000

You are required to calculate the following:

- i) The gross profit to sales % (gross profit margin). (2)
- ii) The net profit. (1)
- iii) The total expenses. (1)
- iv) The current ratio (working capital ratio). (2)
- v) The acid-test ratio (quick ratio). (2)

(Total: 20 marks)

14. a) Steve has invested heavily in new non-current assets. He cannot understand why his accountant cannot include this expenditure in the statement of profit or loss. He argued that the business has spent the money and therefore the full cost of the non-current assets should be deducted from the profit of this financial year. Name and explain the accounting concept that the accountant is applying in his decision stating clearly the required accounting treatment. (3)
- b) Reluctantly Steve accepted the accountant's explanation for (a) above in relation to the acquisition of non-current assets and the accounting treatment in the statement of profit or loss. However, Steve disagreed with the accountant that the business has to choose a depreciation method and continue to use the same method over the years. Name and explain the accounting concept that the accountant is applying in this decision. (3)
- c) Steve regularly pays his family's water and electricity bills and all personal insurances from the business bank account. He was surprised to discover that these payments were not included in the statement of profit or loss. He asked his accountant to justify why he had not included these payments in the measurement of profit. Name and explain the accounting concept that the accountant is applying in his decision to exclude these payments from the statement of profit or loss. (3)
- d) Steve's accountant has investigated the trade receivables in the books at the end of the year to try to identify any amounts that are unlikely to be collected. Subsequently he created an allowance for doubtful debts. Name and explain the accounting concept that the accountant is applying in his decision to create an allowance for receivables account showing clearly the required accounting treatment. (3)
- e) The following balances were extracted from the Statements of Financial Position of Steve's business as at 31 December:

	2021	2022
	€	€
Current Assets		
Trade receivables	47,900	51,000
Allowance for doubtful debts	(958)	?
Insurance prepaid	1,250	2,500
Rent Receivable accrued	2,400	-
Current Liabilities		
Rent Receivable prepaid	-	1,200

A general allowance was maintained in 2021. The trade receivables at 31 December 2022 include a debt of €500, which is very unlikely to be received. Steve's accountant decided to provide for this specific debt, and at the same time maintain a general allowance for the remaining trade receivables using the same percentage of the previous year.

During the year ended 31 December 2022, Steve had received €18,000 rent by cheque. The insurance expense in the statement of profit or loss for the year ended 31 December 2022 was €7,500.

Required:

- i) The allowance for doubtful debts account for the year to 31 December 2022. (4)
- ii) The insurance account for the year to 31 December 2022. (2)
- iii) The rent receivable account for the year to 31 December 2022. (2)

(Total: 20 marks)



SUBJECT:	Accounting
PAPER NUMBER:	IIA
DATE:	5 th May 2023
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 Angela's business, was extracted from the ledger accounts on 31 December 2022:

	€	€
Drawings	17,550	
Capital		179,790
Property	300,000	
Machinery	150,000	
Office equipment	55,000	
Accumulated depreciation as at 01/01/2022:		
Property		40,000
Machinery		56,250
Office equipment		12,300
Trade receivables & Trade payables	43,600	35,100
Irrecoverable debts	540	
Discounts allowed and received	2,300	3,100
Inventory as at 01/01/2022	27,000	
Sales		540,600
Purchases	234,300	
Carriage on sales	1,880	
Carriage on purchases	1,070	
Sales returns and purchases returns	1,200	790
Commissions Received		2,700
Cash in hand	2,200	
Bank Overdraft		4,470
Wages & Salaries	62,450	
Water & electricity	6,110	
5% Bank Loan		60,000
Interest on loan	1,800	
Maintenance of machinery	12,100	
Insurance	16,000	
	935,100	935,100

This question continues on next page.

The following information was available at year end:

- The value of inventory held at 31 December 2022 amounted to €31,000.
- The business has an agreement with a third party for machine maintenance. This maintenance agreement bears a monthly charge of €1,200.
- The firm receives a commission amounting to 1% of the annual net sales.
- Property is depreciated at the rate of 2% per annum, utilising the straight line method.
- Machinery is depreciated at 20% per annum, using the reducing balance method.
- Office Equipment is to be depreciated annually at the rate of 10%, charged on the cost of the assets held.
- Interest on the loan obtained by the firm amounts to 5% per annum.

Required:

- a) A statement for profit or loss for the year ended 31 December 2022. (18)
- b) A statement of financial position as at 31 December 2022. (12)

Show all necessary workings.

(Total: 30 marks)

2. Mark Caruana, a carpenter, set up a business as a sole trader a few years ago. He does not keep a full set of accounting records. Mark’s bank current account for the year ended 31 December 2022 is summarised as follows:

	€		€
Trade Receivables	40,630	Balance b/d (01.01.2022)	980
3% Bank Loan	10,000	Total expenses	8,720
		Trade Payables	37,410
		Drawings	1,100
		Balance c/d (31.12.2022)	2,420
	50,630		50,630

Mark buys supplies on credit terms only. He then sells the furniture he produces both on cash terms and on credit terms.

The payments received from credit customers were all deposited in the bank except for €5,000. This amount, together with money received from cash sales were kept within the firm’s cash account to pay for the following: Cash Drawings €6,330; Light and Heat €4,000; Stationery €480; payments to Trade Payables €300. Any surplus cash at the end of the year was kept in the cash till, as in other previous years.

The following balances are available:

	31 December 2021	31 December 2022
	€	€
Cash	400	610
Trade Receivables	11,550	10,750
Trade Payables	7,770	8,135
Advertising – prepaid	110	?
Light & heat – owing	50	65
Inventory	3,565	4,135
Equipment	21,700	21,700
Allowance for depreciation - Equipment	3,000	5,170

The following information was also provided by Mark:

- €450 worth of goods were returned back to suppliers since the quality was deemed to be unsatisfactory.
- During the year, Mark received €800 discounts from suppliers and conceded €750 discounts to credit customers.
- T. Balzan, who owed the firm €2,000 was written off as irrecoverable after being declared bankrupt.
- The amount owing to Timbers Ltd €1,500 was set off against their account held within the Sales Ledger.
- The amount of €900 paid for advertising concerns a 12-month contract starting on 1 April 2022.

Required:

- a) A statement of affairs as at 1 January 2022, calculating Mark’s opening capital for the year. (6)
- b) The cash account showing the calculation of cash sales. (6)
- c) The Sales Ledger Control account, indicating clearly the value for the firm’s credit sales. (6)
- d) The Purchases Ledger Control account, indicating clearly the value for the firm’s purchases. (6)
- e) The advertising account showing the transfer necessary to the Statement of Profit or Loss. (3)
- f) The light & heat account showing the transfer necessary to the Statement of Profit or Loss. (3)

(Total: 30 marks)

SECTION B:

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

3. The following information relates to the business of Grace Vella, whose financial year ends on 31 December each year.

Furniture is depreciated at the rate of 10% per annum using the straight line method, charging depreciation for each month of ownership.

Equipment is depreciated at the rate of 20% per annum using the reducing balance method, charged on the assets in existence at the end of the year.

The following details are provided:

1 January 2021	Bought furniture costing €6,000 paying by cheque.
1 January 2021	Bought equipment costing €14,000 on credit from Equip FTR Ltd.
1 September 2021	Bought equipment costing €7,000 paying by cheque.
1 April 2022	Bought furniture costing €7,000 on credit from Furniture Village.
30 November 2022	Sold the furniture purchased on 1 January 2021 for €4,000 cash.

Required:

For the year ended 31 December 2022 **ONLY**, you are required to show:

- a) The furniture account. (4)
- b) The allowance for depreciation on furniture account. (8)
- c) The furniture disposal account. (3)
- d) The allowance for depreciation on equipment account. (5)

Show all necessary workings.

(Total: 20 marks)

Please turn the page.

4. On 1 January 2022, the Aquatic Sports Association Malta had 130 members. Each member pays an annual subscription of €50 per annum.

The treasurer of the club provided the following information for the year ended 31 December 2022:

- At 1 January 2022, 15 members had not paid their subscription for the previous year, while 4 members had paid in advance their subscription for the year ended 31 December 2022.
- The club’s Receipts and Payments account revealed that a total of €6,550 cash and cheques had been received by the club in terms of subscriptions. These included:

	€
For the year ended 31 December 2021	650
For the year ended 31 December 2023	100

- The members who had not paid their subscription for the previous year by 31 December 2022 were struck off the club’s register. Those who had not paid their subscription for the current year were carried forward to 1 January 2023.

Apart from the information regarding subscriptions, the following financial data is also available:

- Players enrolled with the association purchase their official sport wear from the club’s shop: Aquatic Gear. The following balances regarding the shop have been extracted:

	€
Inventory of sportswear (1 January 2022)	4,400
Totals for the year ending 31 December 2022:	
Shop takings	10,500
Purchases of inventory	6,640
Wages to shop assistant	1,320
Water and electricity	*(note below)
Inventory of sport wear (31 December 2022)	3,870

* Water & electricity for the club amounted to €2,350. The shop is estimated to occupy 1/5 of the floor area of the entire premises.

Required:

- a) Prepare the subscriptions account for Aquatic Sports Association Malta for the year ended 31 December 2022. (12)
- b) Prepare a Statement to calculate the Profit or Loss made by the association’s shop, Aquatic Gear, for the year ended 31 December 2022. (8)

(Total: 20 marks)

5. Zammit Ltd is a firm which produces equipment for use in kids’ play areas. The following list of balances was extracted from the books of the firm on 31 December 2022:

	€
Raw Materials	
1 January 2022	16,200
31 December 2022	14,750
Work-in-Progress	
1 January 2022	7,100
31 December 2022	6,300
Finished Goods	
1 January 2022	12,400
31 December 2022	22,190
Carriage on Purchases	1,300
Purchases of Raw Materials	85,000
Returns of Raw Materials	2,200
Direct Factory Costs	5,800
Payments for water & electricity	6,800
Direct factory wages	22,000
Indirect factory wages	51,000
Maintenance of machinery	3,600
Factory plant & machinery (1 January 2022)	130,000
Allowance for depreciation – Machinery (1 January 2022)	27,000
Administration wages	7,500
Irrecoverable debts	900
Advertising	5,500
Salespersons’ salaries	18,400
Sales	351,000

Other information available to date:

- A bill for €400 on water & electricity was due but unpaid at the end of the year.
- Water & Electricity is to be apportioned between the factory and the administrative section upon Floor Area. The factory building occupies $\frac{5}{6}$ of the total area while the firm’s offices occupy the remaining $\frac{1}{6}$.
- Depreciation of machinery during the year ended 31 December 2022 was €15,450.
- During the year 600 units were produced.

Required:

- a) The Manufacturing account for the year ended 31 December 2022. (10)
- b) Calculate the production cost of a unit of equipment produced by Zammit Ltd. (1)
- c) The Statement of Profit or Loss for the year ended 31 December 2022 showing clearly the administrative expenses, and the selling and distribution expenses. (9)

(Total: 20 marks)



SUBJECT:	Accounting
PAPER NUMBER:	IIB
DATE:	5 th May 2023
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. May Inguanez is an avid antique collector. She decided to start a business, 'Antique Treasures' which trades in buying and selling antiques. The business was a success and new and repetitive clients were coming in. May decided to employ three employees to help her out. The following is a trail balance as at 31 December 2022 for her first year in business:

	€	€
Capital		75,000
Buildings	42,000	
Motor Vehicle	35,000	
Computer Equipment	2,000	
Trade Receivables	22,000	
Trade Payables		23,140
Cash at Hand	1,500	
Cash at Bank	6,300	
Purchases	36,000	
Carriage on Purchases	560	
Carriage on Sales	750	
Sales		86,000
Water and Electricity	680	
Fuel	1,800	
Hire of Lifter	800	
Antique Professional Advisor fee	2,600	
General Expenses	2,500	
Advertising	600	
Wages	24,000	
Cleaning	500	
Motor Vehicle Insurance	1,200	
Insurance of inventory	3,000	
Communication	350	
	184,140	184,140

This question continues on next page.

The following information is also available for the year ended 31 December 2022:

- The inventory as at 31 December 2022 amounted to €13,000.
- During the year, May withdrew €1,600 per quarter from the business bank account. No entries were made to record the withdrawals from the bank.
- May was notified by her lawyer that one of her trade receivables was having financial difficulties. The balance of this trade receivable was €2,700. It was decided to write this balance off.
- Wages still not paid by end of year amounted to €560.
- An invoice from the antique professional advisor amounting to €420 was not accounted for.
- Commissions received directly into the bank amounting to €6,000 were completely left out from the books.
- A full year depreciation is charged on the cost of the non-current assets held at the end of the year. The following are the depreciation rates:

Motor Vehicle	20%
Computer Equipment	25%

Required:

- a) The Statement of Profit or Loss for the year ended 31 December 2022. (11)
- b) A Statement of Financial Position as at 31 December 2022. (9)

(Total: 20 marks)

2. Ben Mizzi, saw an opportunity in the transport industry. He observed that there is a demand for cab services. In 2021, he started with two cabs and in 2022 he added other cabs to his fleet.

Date	Motor Vehicle	Cost (€)
2 February 2021	Cab – DLY 664	55,000
10 February 2021	Cab – RLY 748	64,000
10 January 2022	Cab – PLY 989	86,000
16 March 2022	Cab – BLY 447	64,000
25 March 2022	Cab – JLY 666	40,000
23 September 2022	Cab – MLY 449	79,000

Ben is also providing the following information which took place during the year ended 31 December 2022:

25 March 2022	Cab DLY 664 was badly damaged. Ben sold it for €15,000 cash.
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Ben also invested in computer equipment and software to track the cabs and handling of bookings.

Date	Computer	Cost (€)
15 April 2021	Computer Equipment	5,000
15 April 2021	Computer Software	14,000

On 1 July 2022, an improvement to the computer software was installed. The cost amounted to €2,000.

It is the company policy to provide a full year depreciation to the non-current assets held at the end of the financial year. The following are the method and rates of depreciation:

Motor Vehicles	Reducing Balance Method	20%
Computer Equipment	Straight Line Method	25%
Computer Software	Straight Line Method	25%

Required:

Prepare the following accounts for the year ended 31 December 2022:

- a) The Motor Vehicles Account. (4)
- b) The Motor Vehicles Allowance for Depreciation Account. (6)
- c) The Motor Vehicles Disposal Account. (4)
- d) The Computer Equipment Account. (1)
- e) The Computer Equipment Allowance for Depreciation Account. (2)
- f) The Computer Software Account. (1)
- g) The Computer Software Allowance for Depreciation Account. (2)

(Total: 20 marks)

SECTION B:

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

3. The Treasurer of Ageing Happily Club forwarded the following information for the year ended 31 March 2023.

	€
Subscription fees still to be received for the year ended 31 March 2022	600
Subscription fees prepaid for the year to 31 March 2023	850
Cash at Bank at 1 April 2022	4,000

The following is a list of receipts and payments during the year ended 31 March 2023:

	€
Purchase of bazaar items	19,500
Sales of bingo tickets	2,000
Subscriptions received	6,000
Bingo expenses	600
Sales of raffle tickets	4,000
Purchase of raffle items	1,500
Water and electricity	900
Insurance of Club Motor Vehicle	600
Rental of Club House	4,000
Fees for professional speakers	2,500
Advertising receivable	6,000
Wages of clubhouse employees	9,000
Printing expenses	900
Bazaar sales during the year to 31 March 2023	25,000

The treasurer calculated that the subscriptions still due at 31 March 2023 amounted to €560 while those paid in advance for the year to 31 March 2024 were €280.

This question continues on next page.

Required:

Prepare the following accounts for the year ended 31 March 2023:

- a) The Receipts and Payments Account. (8)
- b) The Subscription Account. (7)

(Total: 15 marks)

4. Jacques is an excellent plasterer but when it comes to accounting, he gets confused. However, he managed to collect the following information for the year:

	€
Balances at 1 January 2022	
Inventory of material	4,300
Trade Receivables	1,400
Trade Payables	6,200
Transactions during the year to 31 December 2022	
Cash Sales	98,000
Sales on credit	64,500
Purchases on credit	91,500
Returns of material to suppliers	8,600
Dishonoured cheques	4,200
Receipts from trade receivables	?
Payments to trade payables	?
Balances at 31 December 2022	
Inventory of material	6,200
Trade Receivables	2,300
Trade Payables	5,600

Jacques was informed that a client who owed him €5,100 went bankrupt. A set off was also made between a trade payable balance and trade receivable balance of €5,000.

Required:

Prepare the following for the year ended 31 December 2022:

- a) The Sales Ledger Control Account calculating the receipts from trade debtors. (6)
- b) The Purchases Ledger Control Account calculating the payments to trade creditors. (5)
- c) The Statement of Profit or Loss showing the **gross profit** made during the year (trading account). (4)

(Total: 15 marks)

5. Oliver Borg is figuring out how to account for the petty cash. This is his first month in operating the petty cash. Oliver is told to keep the petty cash book using the imprest system with a cash float of €200. The following are the transactions for the month of April.

		€
1 April	Transfer from bank to petty cash	200
4 April	Cleaning material	13
5 April	Stationery	16
10 April	Fuel	35
15 April	Postage stamps	8
16 April	Toner and paper	44
18 April	Birthday card for manager	2
22 April	Small office repairs	15
26 April	Bus fares	9
27 April	Tea, coffee and sugar for office	19
28 April	Cleaner	25

The petty cash book has four expenditure analysis columns, Cleaning, Postage & Stationery, Transport Expenses, and Office Sundries.

Required:

- a) Enter the above transactions in Oliver's petty cash book. (11)
- b) On 1 May, Oliver is given a reimbursement to restore the petty cash balance. Enter this transaction in the petty cash book and bring down the balance on 1 May. (4)

(Total: 15 marks)

6. Sharon is an avid cushion maker. After finishing a tailoring course, she started producing cushions. Her cushions were a big success and large orders were coming in from hotels and other large clients. Sharon employed five other employees to help her out.

The following information is available for the year ended 31 March 2023:

	€
Inventory at 1 April 2022	
• Raw Materials	34,000
• Partially finished cushions	11,500
• Finished cushions	24,000
Purchases of Raw Materials	10,000
Carriage in of Raw Materials	680
Returns of Raw Materials	720
Rent of property	6,400
Water and Electricity	2,100
Insurance	980
Factory Wages	50,000
Depreciation of machinery and tools	400
Sales of cushions	201,000
Inventory at 31 March 2023	
• Raw Materials	2,000
• Partially finished cushions	1,900
• Finished Cushions	32,000

This question continues on next page.

Sharon is also providing the following information:

- The following expenses are apportioned as follows:

	Factory	Administration
Water & Electricity	80%	20%
Rent	80%	20%
Insurance	90%	10%

- Direct factory wages amounted to 75% of the total factory wages.

Required:

- a) Prepare the Manufacturing account for the year ended 31 March 2023. (9)
 b) Prepare the Statement of Profit or Loss for the year ended 31 March 2023. (6)

(Total 15 marks)

7. 'Up to date` is a magazine kiosk selling newspapers, magazines, hot drinks and snacks in Sliema. The following are some of the balances at 1 April 2023 taken from the books of the business:

	Dr	Cr
	€	€
B. Gatt	60	
P. Dalli	40	
J. Morris	32	
ABC Newspapers		480
Cash in hand	100	
Cash at Bank	2,900	

The following are the transactions carried out during the first week of April:

1 April	Bought weekly magazines from ABC Newspapers €210 on credit.
1 April	Sold various items for €900 cash, €650 of which being paid by debit card.
2 April	P. Dalli bought more magazines for €30 on credit. J. Morris bought newspapers for €25 on credit. Cash Sales amounted to €420, with only €120 received in cash. The remaining sales were directly entered in the bank.
3 April	Cash Sales amounted to €240 in the bank and €80 cash.
4 April	Paid ABC Newspapers €480 by cheque. Cash Sales €390 with only €50 going directly into the bank.
5 April	Received from B. Gatt €60 in cash. Cash Sales banked €310, and €90 cash sales. Paid Rent of the Kiosk €2,500 by cheque. Paid the weekly wages €540 by cheque. Deposited the cash into the bank except for a cash float of €100.

Required:

- a) The personal accounts of the credit customers (trade receivable accounts) and the personal account of the credit supplier (trade payable account) starting from the balance at 1 April. Balance the accounts at 5 April. (5)
 b) A two-column cash book starting from the balance at 1 April. Balance the cash and bank accounts in the cash book at 5 April. (10)

(Total: 15 marks)