

1) Statement to calculate the inventory value as at 31 March 2021

	\$	\$
Inventory valued as at 8 April 2021	✓	44780
Add: Sales, at cost ($\$7540 \div 125\%$)	✓ 6032	
Goods sent to customer on sale-or-return basis, at cost ($\$2000 \times (1 - 40\%)$)	✓ 1200	7,808
Goods drawn by owner, at cost ($\$720 \div 125\%$)	✓ 576	7806
		52588
Less: Purchases	✓ 4560	
Returns inwards, at cost ($\$2500 \div 125\%$)	✓ 2000	
Goods revalued at net realisable value [$\$1100 - (\$700 - \$100)$]	✓ 500	
Goods wrongly recorded ($\$3000 - 100 \times \$6$)	✓ 2400	9460
Inventory value as at 31 March 2021		43128

Q1: 8/8

2a) Average unit cost = $\frac{600 \times \$40 + 200 \times \$60 \times (1 - 20\%) + 800 \times \$51}{800 + 200 + 800 + 600}$

$= \$51$

Amount of closing inventory = $\$51 \times (800 + 200 + 800 - 100 + 600 - 150 - 700)$

$= \$28050$

Q2(a): 4/4

MARKING SUMMARY

Grand total: 21 / 21 (Q1: 8/8, Q2(a): 4/4, Q2(b): 9/9)

Basis: provisional. No official marking scheme was supplied; the 21 mark points are inferred from each question's mark tariff and standard BAFS Accounting conventions.

Material uncertainty: none affecting marks. One \$2 written-subtotal slip is flagged below (no mark lost). All handwriting legible; all figures verified by recomputation.

Overall: outstanding. Every inventory adjustment, the weighted-average computation and the income statement are fully correct, with clear, well-set-out workings.

MARKER COMMENTS

Q1 · All seven adjustments correct: sales at cost \$6,032 added back; purchases \$4,560 and returns inwards \$2,000 deducted; sale-or-return goods \$1,200 (60% unsold) and drawings \$576 added; obsolete item written down \$500 (NRV \$700 - \$100); over-recorded goods \$2,400 deducted. Subtotals \$52,588 and \$9,460 agree; final inventory \$43,128 correct.

Q1 note (red circle):

the written 'Add' subtotal 7,806 is a \$2 slip - 6,032 + 1,200 + 576 = 7,808. Your 52,588 uses the correct 7,808, so no mark is lost; just recheck written subtotals against the figures carried forward.

Q2(a) · Weighted average fully correct: total cost \$122,400 / 2,400 units = \$51; closing 550 units x \$51 = \$28,050. Trade discount (20%) and the 600 units at \$36,000 total handled correctly.

Answers written in the margins will not be marked.

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Kaspar Company			
Income Statement for the year ended 31 December 2026			
	\$	\$	
Sales $(1000 \times \$120 + 700 \times \$140)$		218000	✓ 1
Less: cost of goods sold			
Opening inventory $(800 \times \$42)$	32000		✓ 1
Add: Purchases	90400		✓ 1
$(200 \times \$60 \times (1-20\%) + 800 \times \$50 + \$36000)$	122400		✓ 1
Less: Abnormal inventory loss $(150 \times \$51)$	7650		✓ 1
	114750		✓ 1
Less: Closing inventory	28050	86700	✓ 1
Gross profit		131300	✓ 1
Less: Other expenses			
Salaries	16800		✓ 1
Rent	11000		✓ 1
Abnormal inventory loss	6150	33950	✓ 1
$(7650 - \$10 \times 150)$		97350	✓ 1

Q2(b): 9 / 9

Answers written in the margins will not be marked.

MARKER COMMENTS (cont'd)

Q2(b) · Income statement fully correct: sales \$218,000; goods available \$122,400; abnormal loss \$7,650 (150 x \$51) properly excluded from COGS; closing inventory \$28,050; COGS \$86,700; gross profit \$131,300.

Other expenses \$33,950 correct: salaries \$16,800, rent \$11,000, and the net abnormal loss \$6,150 (i.e. \$7,650 - \$10 x 150 insurance compensation). Net profit \$97,350 correct. Own figure from Q2(a) (\$28,050, \$51) carried through correctly.

Presentation: entity name, statement title and period all correct.

Answers written in the margins will not be marked.