

MARKER COMMENTS

Q1 (8/8)

Answer is in statement form with a dated heading, as HKEAA requires (2026 Q3a: answers not in statement form lose marks). All seven adjustments correctly directed and valued at cost: sales \$7,540 / 125% = \$6,032; returns inwards \$2,500 / 125% = \$2,000; drawings \$720 / 125% = \$576. Sale or return: only the 60% not yet accepted (\$1,200) is added back. Obsolete item written down to NRV \$600 (\$500). Mis-recorded goods \$3,000 - \$600 = \$2,400. Final \$43,128 correct (n.s. = total not separately scored, per HKEAA practice). Tip: name the business (Adrian Company) in the heading.

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 ✓ ^{1½}	
Goods sent to customer on sale-or-return basis, at cost ($\$2000 \times (1-45\%)$)	1200 ✓ ¹	
Goods drawn by owner, at cost ($\$720 \div 125\%$)	576 ✓ ¹	7806
		52588
Less: Purchases	4360 ✓ ¹	
Returns inwards, at cost ($\$2500 \div 125\%$)	2000 ✓ ^{1½}	
Goods revalued at not reliable value [$\$1100 - (\$700 - \$100)$]	500 ✓ ¹	
Goods wrongly recorded ($\$3000 - 400 \times \$6$)	2400 ✓ ¹	9460
Inventory value as at 31 March 2021	Q1: 8 / 8	43128 ✓ ^{n.s.}

Q2(a) (4/4)

Periodic weighted average used, matching HKEAA 2025 Q6c: total cost (incl. opening inventory and the 20% trade discount) \$122,400 / 2,400 units = \$51. Closing units 800 + 200 + 800 - 1,000 + 600 - 150 - 700 = 550; 550 x \$51 = \$28,050. HKEAA awards the denominator and the closing-unit working separately, so keep showing them. Writing "550 units" explicitly would make it clearer.

MARKING SUMMARY (RE-MARK) | Total: 21 / 21

Breakdown: Q1 8/8 | Q2(a) 4/4 | Q2(b) 9/9. Previous provisional range (20.5 - 21) withdrawn.
Basis: re-marked against the HKEAA Paper 2A post-exam marking notes (2025 & 2026): half-mark items; statement form required; "Less: COGS" / "Less: Expenses" headings gate their items; gross and net profit totals not separately scored (n.s.); periodic weighted average (2025 Q6c); inventory loss treatment (2025 Q9b). No school scheme supplied, so the split of marks within each part is inferred from these conventions.
Overall: excellent, fully correct work. Remaining advice is presentation only: label every total, especially "Net profit".

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	✓ ^{1½}
Less: cost of goods sold			
Opening inventory $(800 \times \$40)$	32000		✓ ^½
Add: Purchases	90400		✓ ^{1½}
$(200 \times \$60 \times (1 - 20\%) + 800 \times \$50 + \$36000)$	122400		
Less: Abnormal inventory loss $(150 \times \$51)$	7650		✓ ¹
	114750		
Less: Closing inventory	28050	86700	✓ ¹
Gross profit		131300	✓ ^{n.s.}
Less: Other expenses			
Salaries	16800		✓ ¹
Rent	11000		✓ ¹
Abnormal inventory loss	6150	33950	✓ ^{1½}
$(7650 - \$10 \times 150)$		97350	✓ ^{n.s.}

Q2(b): 9 / 9

Q2(b) (9/9)

Format meets the HKEAA 2026 Q2a gates: vertical form, entity and period in the heading, and "Less: Cost of goods sold" shown. "Less: Other expenses" is accepted as the "Less: Expenses" heading.

Sales \$218,000; opening inventory \$32,000; purchases \$90,400 with the 20% trade discount correctly deducted.

Abnormal loss: exactly the HKEAA 2025 Q9b treatment - the full loss $(150 \times \$51 = \$7,650)$ is deducted within cost of goods sold, and only the part borne by the business $(\$7,650 - \$1,500 \text{ compensation} = \$6,150)$ is charged as an expense. Closing inventory \$28,050 agrees with (a).

Net profit \$97,350 is correct. HKEAA does not score the gross or net profit totals, so the missing label costs no mark here, but HKEAA flags failing to distinguish gross from net profit as a common mistake (2026 Q2a Sample 2). Always write "Net profit".

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