

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 ✓ ¹	
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	4560 ✓ ¹	
Returns inwards, at cost ($\$2500 \div 125\%$)	2000 ✓ ¹	
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 ✓ ¹

Answers written in the margins will not be marked.

2a) Average unit cost = $\frac{800 \times \$40 + 200 \times \$60 \times (1 - 20\%) + 800 \times \$56 + 36000}{800 + 200 + 800 + 600}$

$= \$51$ ✓²

Amount of closing inventory = $\$51 \times (800 + 200 + 800 - 100 + 600 - 150 - 700)$ ✓¹

$= \$28050$ ✓¹ Q2(a): 4 / 4

Q1 (8/8)

Scheme: 1 mark each for \$6,032, \$1,200, \$576, \$4,560, \$2,000, \$500, \$2,400 and the final \$43,128 - all present and correctly added/deducted.

Descriptions are acceptable under the scheme's "Goods xxx-ed" rule.

The scheme prints the deductions subtotal as \$11,460; your \$9,460 is the correct figure.

Tip: name the business (Adrian Company) in the heading.

Q2(a) (4/4)

Scheme: weighted average cost \$51 (2 marks), units unsold 550 (1), closing inventory \$28,050 (1).

Your WAC working matches the scheme exactly, including the 20% trade discount.

Units: your expression $800 + 200 + 800 - 1,000 + 600 - 150 - 700$ is the scheme's working and gives 550, so the mark is awarded; writing "= 550 units" would make it unambiguous.

MARKING SUMMARY (OFFICIAL SCHEME) | Total: 21 / 21

- Breakdown: Q1 8/8 | Q2(a) 4/4 | Q2(b) 9/9. Marked against the supplied F.5 BAFS Quiz 1 Solution (p.2); HKEAA 2025/2026 Paper 2A notes used only for presentation conventions.
- Teacher discretion: Q2(b) awards 1 mark on the "Net profit" line; the student's \$97,350 is correct and correctly placed but unlabelled. A strict marker could withhold it (range 20 - 21).
- Scheme note: the scheme's "Less" subtotal in Q1 reads \$11,460; the four items add to \$9,460 ($52,588 - 9,460 = 43,128$). The student's \$9,460 is right.
- Overall: excellent, fully correct work. Label every total.

Answers written in the margins will not be marked.

MARKER COMMENTS

Q2(b) (9/9)

Matches the scheme line for line: sales \$218,000; opening inventory \$32,000; purchases \$90,400; damaged goods \$7,650 (deducted in COGS); closing inventory \$28,050 from (a); gross profit \$131,300; salaries and rent (1 mark jointly); inventory loss \$6,150 = actual loss after \$1,500 compensation; net profit \$97,350. "Less: Other expenses" is accepted for "Less: Expenses". Net profit line: the figure is correct but has no label. Awarded here; a strict marker may withhold this mark. Always write "Net profit".

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 $(800 \times \$40)$	32000 ✓ ¹	
Add: Purchases	90400 ✓ ¹	
$(200 \times \$60 \times (1 - 20\%) + 800 \times \$50 + \$36000)$	122400	
Less: Abnormal inventory loss $(150 \times \$51)$	7650 ✓ ¹	
	114750	
Less: Closing inventory	28050 ✓ ¹	86700
Gross profit		131300 ✓ ¹
Less: Other expenses		
Salaries	16800 ✓	
Rent	11000 ✓ ¹	
Abnormal inventory loss	6150 ✓ ¹	33950
$(7650 - \$10 \times 150)$	label?	97350 ✓ ¹

Q2(b): 9 / 9

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