

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 1200 ($\$2000 \times (1 - 40\%)$)	✓ 1	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 ($\$3000 - 400 \times \$6$)	✓ 2400	9460 ✓
Inventory value as at 31 March 2021		43128 ✓ 1

Q1: 8/8

2a) Average unit cost = $\frac{600 \times \$40 + 200 \times \$60 \times (1 - 20\%) + 800 \times \$51 + 36000}{800 + 200 + 800 + 600}$

$= \$51$

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

$= \$28050$

Q2(a): 4/4

MARKING SUMMARY

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

Basis: official marking scheme (Quiz 1 Solution). All 21 mark points are taken directly from the scheme; this re-mark is no longer provisional. HKEAA 2025/2026 marking notes were also consulted to verify treatment conventions.

Material uncertainty: none affecting marks. One apparent error in the scheme itself is flagged below (its printed Less subtotal); the student's figure is correct. One \$2 written-subtotal slip by the student also flagged (no mark lost). All handwriting legible; all figures verified by recomputation.

Overall: outstanding · full marks on the official scheme. 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. HKEAA 2025 notes: mark-up (not margin) correctly applied here, and sale-or-return goods correctly not treated as sold. Note: the scheme prints the Less subtotal as 11,460, which is a scheme error - $4,560 + 2,000 + 500 + 2,400 = 9,460$, and $52,588 - 11,460$ would give 41,128, not the scheme's own 43,128; your 9,460 is 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) · Full 4/4 on the scheme: the \$51 weighted-average computation carries 2 marks; closing 550 units and \$28,050 one each. 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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Income Statement for the year ended 31 December 2026

\$

\$

Sales $(1000 \times \$120 + 700 \times \$140)$

218000

less: cost of goods sold

Opening inventory ($800 \times \$40$)

32000

Add: Purchases

90400

$$(200 \times \$60 \times (1 - 20\%) + 60 \times \$50 + \$3600)$$

122 40

Less: Abnormal inventory loss ($150 \times \$51$)

765 ✓

11475

less: Closing inventory

28.05

Q670

Gross profit

1313.00

less: other expenses

Salaries

168 x

Rent

11000

Abnormal inventory loss

6150 ✓

$$(7650 - 510 \times 150)$$

3395

9725

Q2(b): 9 / 9

Answers written in the margins will not be marked.

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Q2(b) · Full 9/9 on the scheme: sales \$218,000; opening inventory \$32,000; purchases \$90,400; damaged goods \$7,650 (150 x \$51); COGS \$86,700 (closing \$28,050 brought forward from (a)); gross profit \$131,300.

One scheme mark is shared by salaries \$16,800 + rent \$11,000; the expenses total \$33,950 (with the net abnormal loss \$6,150, i.e. \$7,650 - \$10 x 150) carries its own mark; net profit \$97,350 correct. The \$1,500 insurance compensation netting matches the scheme's [Actual loss] treatment.

Presentation: entity name, statement title and period all correct; 'Less: cost of goods sold' subheading present (required per HKEAA 2026 notes) and both total figures double-underlined (per HKEAA 2025 notes).