Answer **all** questions

1 Janelle is the sole owner of a goldsmith shop whose financial year ends on 31 May.

On 1 June 2024, her capital account balance was $12 040.
The following transactions took place during the accounting year:

2024

July 9 Janelle took goods costing $4080 for her mother's birthday.

August 15 Janelle brought in her own laptop costing $3100 for business use.

2025

Feb 14 Janelle paid her own condo utility bill of $930 using business cheque

May 25 Janelle contributed cash into business bank account $9000.

The profit for the year ended 31 May 2025 amounted to $10 670

REQUIRED

(a) Prepare the journal entry to show the transfer of profit of $10 670 to the capital account on 31 May 2025. **Narration is not required**

Journal

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(b) Prepare the capital account for the year ended 31 May 2025.

Capital account

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(b) Name and explain the accounting theory which is applied in recording transactions between the business and the owner.

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[Total: 9]

2 The Maryssa Wellness Inc discovered the following errors on 1 July 2025:

(i) Provided services on credit to Filzah for $6210. This transaction had not been recorded.

(ii) Credit note received for the return of goods worth $4000 to credit supplier Yasmin was entered in the journal as $400 instead.

(iii) Interest received by cheque $2000 was debited to interest income account and credited to cash at bank account.

REQUIRED

(a) Prepare journal entries to correct the above errors. Narrations are **not** required.

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(b) Analyse the effect of each error on the profit for the year.
In the table below, state whether the profit is understated, overstated and the amount involved. If there is no effect, state 'No Effect'.

Error	Effect of error on profit	$
(i)		
(ii)		
(iii)		

[3]

[Total: 9]

3 Lorraine owns a business selling porcelain angels. Her financial year ends on 30 June 2025. On 7 June 2025, some of her goods costing $9500 were tarnished because of poor handling by her salesgirls. The goods had a net realisable value of $7350.

REQUIRED

(a) State the rule used to value inventory.

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(b) Name and explain the accounting concept which recognizes the need to adjust the value of the inventory.

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(c) Prepare a journal entry to adjust the value of the inventory. A narration is **not** required.

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Lorraine has an insurance policy which covers any losses arising from damages of her goods. She was able to get an insurance claim of $1280 on 30 June 2025 which can only be received on 10 July 2025.

REQUIRED

State the double entry to record the insurance claim on 30 June 2025.

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(d) State the value of inventory shown in Lorraine's statement of financial position on 30 June 2025.

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[Total: 8]

4 The following is the cash at bank account of Genevieve Sportswear for the month of April 2025:

Cash at bank account

Date		Particulars	Cheque number	Debit	Credit	Balance	
2025				$	$	$	
April	1	Balance b/d				3 500	Dr
	4	Gopika and Frens	1860		2 520	980	Dr
	5	Commission income		4 120		5 100	Dr
	6	Nazeefa	1861		1 500	3 600	Dr
	8	Sales revenue		5 010		8 610	Dr
	16	Yna Musicians		1 300		9 910	Dr
	17	Insurance expense	1862		2 430	7 480	Dr
	26	Sophia Dream Auditors		1 650		9 130	Dr
	27	Inventory	1863		6 000	3 130	Dr

The following bank statement was received from United Neha Bank on 3 May 2025:

Bank Statement

			Payments	Deposits	Balance	
2025			$	$	$	
April	1	Balance b/d			5 500	Cr
	3	Cheque no: 1859	2 000		3 500	Cr
	6	Cheque no: 1860	2 520		980	Cr
	7	Deposit		4 120	5 100	Cr
	10	Deposit		5 010	10 110	Cr
	11	Cheque no: 1861	1 050		9 060	Cr
	15	Standing order : Rent	2 430		6 630	Cr
	19	Deposit		1 300	7 930	Cr
	20	Credit Transfer : Christina Mart		1 910	9 840	Cr
	22	Rejected cheque	1 300		8 540	Cr
	29	Bank charges	93		8 447	Cr

Additional information:

The banker made a mistake in recording the amount for cheque number 1861.

REQUIRED

(a) Prepare the adjusted cash at bank account for the month of April 2025.

Cash at bank account

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(b) Prepare the Bank Reconciliation Statement as at 30 April 2025.

Bank Reconciliation Statement as at 30 April 2025

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(c) State the section and amount of cash at bank shown in Genevieve Sportswear's statement of financial position as at 30 April 2025.

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(d) If the unadjusted profit for April 2025 for Genevieve Sportswear is $ 6000, calculate the adjusted profit for the month after the adjustments for bank reconciliation is done.

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[Total: 14]