

COMMERCE PRESENTATIONS AND PUBLICATIONS



VCE ACCOUNTING 3/4

CPAP Practice Examination No 2 2019

SUGGESTED SOLUTIONS & ADVICE

Question 1 (1 mark)**Outline the importance of qualitative characteristics in accounting reports.**

Advice: Just like the inclusion of the term 'depreciable non-current asset' in the VCE Accounting Study Design for the accreditation period 2019 to 2023, it is a reasonable expectation that any term included in the Study Design can be examined. CPAP 2019 Exam 1 required students to calculate the depreciable value of a Van. Therefore, this exam requires students to apply their knowledge of the accounting element definitions and the importance of qualitative characteristics. It is recommended that students look through the Study Design and be prepared to define any of the terms which appear.

Sample Answer: *Qualitative characteristics are what makes information in accounting reports useful to users to support financial decision making.*

Question 2 – Steve’s Shoes (9 marks)

a. Show how the Accounts Payable account would appear in the General Ledger of Steve’s Shoes as at 31 January 2019.

You are required to balance the account.

6 marks**Accounts Payable**

Date	Cross-reference	Amount	Date	Cross-reference	Amount
04/01	Bank / Discount Revenue	13 200	01/01	Balance	13 200
13/01	Inventory / GST Clearing	880	11/01	Inventory / GST Clearing	15 950
28/01	Bank	4 000			
31/01	Balance	11 070			
		29 150			29 150
			01/02	Balance	11 070

1 mark – per entry in account

1 mark – balancing account

Advice: When preparing for accounting exams it is imperative that students become familiar with account templates in the General Ledger. For example, becoming familiar with account templates for Accounts Receivable and Accounts Payable will help students to feel more comfortable recording transactions appearing in a Statement of Account into the General Ledger. In relation to the current question, an important point to note is that on 28 January there was no discount allowed. Therefore, students would be penalised if they used the cross-reference *Bank/Discount Revenue*. In addition, the final day of the month needs to be included when required to balance the ledger and the first day of the month needs to be included when the balance is carried forward for the commencement of the next month.

b. Record invoice 652 in the General Journal of Leather Goods Australia.

A narration is not required.

3 marks

General Journal

Date	Details	Debit	Credit
11/01	Sales		14 500
	GST Clearing		1 450
	Accounts Receivable – Steve’s Shoes	15 950	
	Cost of Sales	5 800	
	Inventory		5 800

1 mark – Sales and GST Clearing

1 mark – Accounts Receivable – Steve’s Shoes

1 mark – Cost of Sales and Inventory

Advice: It would be easy to misinterpret questions of this nature, making it very difficult to achieve full marks. While students are required to record the transactions in the General *Ledger* of Steve’s Shoes in part a., part b. requires students to record a transaction in the General *Journal* of Leather Goods Australia. The mark allocation of 3 marks provides an indication as to what students are required to record in the General Journal. As a general rule, students are allocated only 2 marks for recording a purchase of inventory – 1 mark for the debit entries of Inventory and GST Clearing and 1 mark for the credit entry of Bank or Accounts Payable. However, given that the mark allocation is 3 marks for this question, it should be clear that the recording of a credit sale of inventory is required.

Question 3 – Kono’s Kitchen Supplies (10 marks)**a. Prepare the Cash Flow Statement for the month ended 31 March 2019.****8 marks****Kono’s Kitchen Supplies****Cash Flow Statement for the month ended 31 March 2019**

	\$	\$
Cash Flow from Operating Activities		
Cash Sales	14 830	
GST Collected	1 483	
Receipts from Accounts Receivable	19 600	
Advertising	(800)	
Freight Inwards	(580)	
GST Paid	(3 238)	
GST Settlement	(1 278)	
Interest Paid	(125)	
Payments to Accounts Payable	(7 546)	
Prepaid Rent Expense	(6 000)	
Purchase of Inventory	(4 000)	
Wages	(1 800)	
Net Cash from Operations		10 546
Cash Flow from Investing Activities		
Purchase of Van	(21 000)	
Net Cash from Investing Activities		(21 000)
Cash Flow from Financing Activities		
Capital	5 000	
Loan Borrowings – MNC Bank	10 000	
Drawings	(1 500)	
Loan Repayments – MNC Bank	(500)	
Net Cash from Financing Activities		13 000
Net Increase (Decrease) in Cash		2 546
Bank Balance – 1 March 2019		(4 070)
Bank Balance – 31 March 2019		(1 524)

1 mark – per any three Operating Activities items (4 marks)

1 mark – Purchase of Van

1 mark – Capital and Loan Borrowings – MNC Bank

1 mark – Drawings and Loan Repayments – MNC Bank

1 mark – Final 3 lines

Advice: Template knowledge of the three Reports is a crucial component of the course. The first number to be entered into a Cash Flow Statement can be the Net Increase / (Decrease) in Cash. By deducting the total cash payments from the cash receipts, this amount can be calculated and be then used as a 'cross-checking' mechanism.

b. Explain the importance of a trading business generating positive net cash flows from operations.

2 marks

Sample Answer: The importance of a positive Net Cash flows from Operations to a trading business enables the repayment of debts as and when they fall due (accounts payable / loans) **OR** whether these funds can be used to cover the Investing and Financing Activities of the business without additional loans or cash capital contributions by the owner.

1 mark – able to repay debts (accounts payable / loans) **or** cover Investing and Financing activities

1 mark – without taking out an additional loan or getting the owner to make a cash capital contribution

Question 4 – Catherine's Cutlery (7 marks)

a. Complete the Disposal of Van account in the General Ledger as at 30 June 2019.

4 marks

Disposal of Van

Date	Cross-reference	Amount	Date	Cross-reference	Amount
30/06	Van	36 000	30/06	Acc.Dep. - Van	14 800
				Van	20 000
				Loss on Disposal - Van	1 200
		36 000			36 000

1 mark – per entry

Advice: The key to answering this question effectively is to understand what is meant by the carrying value of the Van. As the carrying value is the amount of accumulated depreciation deducted from the cost of the Van, students can calculate the value of accumulated depreciation to be recorded in the Disposal of Van account. A common error made by students in questions such as these is the misconception that the value of accumulated depreciation is going to be \$21 200. Another key point to note is that the description of Van is used in the cross-references.

b. With reference to your answer in part a., explain why a Profit or Loss on the trade-in of the Van occurred.

2 marks

Advice: Accounting is all about opposites. CPAP 2019 Exam 1 required students to explain why the business made a profit on the disposal of a non-current asset. Again, students need to tailor their responses to the profit or loss calculated previously in the question. As the business recorded a loss on disposal of the Van (part a), the response needs to explain why the business made a loss.

Sample Answer: A loss on disposal of the Van occurred as the trade-in allowance was less than the Van's carrying value. (1 mark)

This was due to under-depreciating the Van due to over-estimating the Van's useful life or residual value. (1 mark)

c. State the cash amount paid to Vic's Vans to purchase the new Van.

1 mark

\$15 200

Question 5 – Max's Mattresses (6 marks)

Discuss whether Max is correct in making this connection.

Advice: Examiners are likely to assess student responses based on their overall understanding of the Working Capital Ratio and how it can be used to assess the liquidity of a business. Students need to identify that the task word is to 'discuss', which generally requires students to both explain why they might agree with a statement and to then provide an explanation as to why the statement may not necessarily be true. Even though this question has been allocated 6 marks, this does not necessarily mean that there are 3 marks to be awarded for the part of the response that agrees with the statement and then a corresponding 3 marks to the part of the response that provides an explanation as to why the statement is incorrect. It is recommended that teachers assess student responses globally out of 6 marks.

Suggested Response

An increasing trend in the Working Capital Ratio indicates that Max's Mattresses is in a better position to meet their short-term debts as they fall due as they have \$5.45 of Current Assets for every \$1 of Current Liabilities and this has been increasing over the period 2017 to 2019.

However, the limitations of the Working Capital Ratio include that it is a static measure which does not assess the speed of liquidity and that the composition of the Current Assets remain largely unknown.

In order to assess the liquidity of Max's Mattresses it would be better to look at the Quick Asset Ratio / Accounts Receivable Turnover / Inventory Turnover in addition to the use to the Working Capital ratio.

The problem with Max's Mattresses' Working Capital Ratio trend increasing from 2.25:1 to 5.45:1 in two years is that it actually indicates poor management and inefficient use of the business' Current Assets.

If Max's Mattresses have large cash balances these cash resources should be used to invest in revenue generating non-current assets or be used to pay off long-term debt to reduce interest expense. If Max's Mattresses have large inventory balances the risk of inventory becoming damaged or obsolete and hence recording an inventory write down increases. If Max's Mattresses have outstanding Accounts Receivable balances that are from previous years the risk of recording bad debts increases.

Question 6 – Danny’s Desks (13 marks)**a. Record the transactions in the ‘Noshimuri’ desk inventory card.****5 marks**

ITEM: ‘Noshimuri’ desk		Cost method: First In, First Out								
SUPPLIER: Aloha Designs										
		IN			OUT			BALANCE		
Date	Document	Qty	Cost	Total	Qty	Cost	Total	Qty	Cost	Total
01/06	Balance							5	280	1 400
08/06	Inv.1902	20	300	6 000				5	280	1 400
								20	300	6 000
16/06	Inv.168				5	280	1 400			
					3	300	900	17	300	5 100
20/06	Memo 19				1	300	300	16	300	4 800
22/06	C/N. 4	1	300	300				17	300	5 100
30/06	Memo 23				2	300	600	15	300	4 500

1 mark – per date entry

Advice: The recording of transactions in an inventory card forms a part of all VCE Accounting exams. Students should always remember that the *cost price*, and not the *selling price*, of the inventory items are recorded in the inventory card. The opening balance cost price of \$280 is a good guide as to the values to be recorded in the inventory card. One of the key components of this question is determining the cost price of the Sales Return on 22 June 2019. The Study Design on page 11 outlines that, regardless of whether the First In, First Out cost or the Identified cost assignment method is used, the cost of each inventory item will be identified on the inventory card. It is assumed that the cost price of the Sales Return will be determined by using the most recent cost price in the ‘Out’ column.

b. Referring to the qualitative characteristic of relevance, explain why Sales Returns should be reported separately in the Income Statement.**2 marks**

Sample Answer: The qualitative characteristic of relevance outlines that information is relevant if it is capable of making a difference to the decisions made by users. (1 mark)

By reporting sales returns separately in the Income Statement it provides the business owner an indicator of the quality and suitability of the inventory sold by the business. (1 mark)

c. Justify one strategy Danny could introduce to reduce the number of Sales Returns.

2 marks

Advice: It is important that students don't speed through seemingly easy theory questions. For this question, the temptation is to quickly identify/discuss a reason for a sales return to occur. However, the question requires students to expand and provide a *strategy* to reduce future sales returns. While a relatively brief response would suffice for full marks, it is expected that this question will provide a challenge for some students.

Sample Answer: Danny could improve packaging (1 mark) to reduce inventory being damaged in the delivery process. (1 mark)

OR

Danny could change supplier (1 mark) to reduce inventory being returned due to its poor quality. (1 mark)

d. Explain the effect on Owner's Equity as at 30 June 2019 if the transaction on 20 June 2019 was not recorded.

2 marks

Advice: This is designed to be a discriminating question. It would be easy for students to identify that if Danny did not record the drawing (i.e. the taking home of one of the 'Noshimuri' desks) then Drawings would be understated and Owner's Equity would be overstated. However, this would be insufficient to achieve full marks. Higher order thinking students would identify the relationship between Drawings and the value of Inventory Loss reported in the Income Statement (such that there

Sample Answer: By not recording the withdrawal of 1 'Noshimuri' desk, the Inventory Loss would be increased at the time of the physical inventory count when it was identified there was one less desk on hand. This would result in the Inventory Loss being overstated and Net Profit being understated (1 mark). There would be no overall effect on Owner's Equity as at 30 June 2019 as the effect of the understatement of Drawings and the understatement of Profit will offset each other and result in no overall impact on Owners' Equity. (1 mark)

e. Prepare the General Journal entry at 30 June 2019 to record Memo 23.

A narration is required.

2 marks

General Journal

Date	Details	Debit	Credit
30/06	Inventory Loss	600	
	Inventory		600
	Inventory loss of 2 'Noshimuri' desks as per physical inventory count (Memo 23).		

1 mark – General Journal entry

1 mark – narration (must include quantity, type of inventory item and source document)

Advice: When asked to record an entry in the General Journal, students are often required not to include a narration. It can therefore be easy to gloss over questions that do require a narration, such as the current question. It is useful to remember that the recording of an *Inventory Write Down* lends itself to the inclusion of a narration, and students should be prepared for this. A narration requires the number of items, the type of inventory item, the reason for the narration and the Memo number.

Question 7 – Arthur’s Appliances (30 marks)

a. Prepare the necessary correcting entries in the General Journal at 30 June 2019.

Narrations are not required.

9 marks

General Journal

Date	Details	Debit	Credit
30/06	Bad Debts	1 536	
	Allowance for Doubtful Debts		1 536
	Drawings	264	
	Insurance Expense		240
	GST Clearing		24
	Prepaid Rent Expense	3 000	
	Rent Expense		3 000
	Interest Expense	1 200	
	Loan – MNC Bank		1 200

1 mark – per line entry

b. Based on the accounts listed in the Trial Balance, discuss whether Arthur’s Appliances uses product costing.

4 marks

Advice: It is likely that assessors will assess these types of questions globally, based on the responses’ ability to demonstrate an overall understanding of how adopting both product costing or period costing effect how transactions are recorded. Importantly, in order to be awarded full marks, students should identify the issue of whether the use of *Delivery Expenses* as an account in the General Ledger either supports or dismisses the belief that Arthur’s Appliances uses period costing.

Suggested Response: *Upon first inspection of the Trial Balance, there is no evidence to suggested that Arthur’s Appliances uses product costing. When a business uses product costing, any additional costs incurred in getting the Inventory into a condition or location ready for sale which can be directly allocated to each individual unit of inventory on a logical basis are included in the Inventory account in the General Ledger.*

If a business was to not use product costing, these additional costs would be recorded separately in their own expense accounts in the General Ledger and be able to be identified clearly in the Trial Balance.

The use of the Delivery In Expenses account in the General Ledger only adds confusion to deciding whether or not Arthur's Appliances uses product costing or not.

If these Delivery In Expenses are costs incurred in getting the Inventory into a location ready for sale and could have been allocated to each individual unit of Inventory on a logical basis, it would suggest that Arthur's Appliances does not use product costing as these costs have been recorded separately and not included the Inventory account.

However, Arthur's Appliances could still be using product costing as costs such as Import Duties or Packaging may be included in the Inventory account as they could have been allocated on a logical basis. The only reason why the Delivery In Expenses are not included in the Inventory account and the business uses product costing is because there may have been multiple lines of inventory delivered and such an allocation could not be made on a logical basis.

c. Prepare the General Journal entry to close the revenue accounts at 30 June 2019.

3 marks

General Journal

Date	Details	Debit	Credit
30/06	Cash Sales	54 300	
	Credit Sales	88 050	
	Discount Revenue	154	
	Sales Returns		1 350
	Profit and Loss Summary		141 154

1 mark – Cash Sales and Credit Sales

1 mark – Discount Revenue and Sales Returns

1 mark – Profit and Loss Summary

Advice: This is an example of a common question that relates entirely to Unit 3. Students need to realise that Cash Sales and Credit Sales are not the only sources of revenue for a business. Students should scan the Trial Balance for other revenue items such as Inventory Gains, Interest Revenue and Profit on Disposal of a non-current asset that are required to be closed to the Profit and Loss Summary account at the end of each reporting period. Students are also guided by page 11 of the Study Design which now outlines that only one General Journal entry is required to close all revenues (including Sales Returns) to the Profit and Loss Summary account, resulting in one entry in the General Ledger account.

d. Explain why Asset and Liability accounts are not required to be closed.

3 marks

Sample Answer: *Asset and Liability accounts are not required to be closed as they are not involved in the calculation of profit. (1 mark)*

Asset and Liability account balance are not required to be reset to zero for the commencement of the next period (1 mark) as asset accounts represent future economic benefits whereas liabilities represent a present obligation to transfer an economic resource in future periods. (1 mark)

e. Prepare the Equities extract from the Balance Sheet as at 30 June 2019.

8 marks

Arthur's Appliances

Balance Sheet (extract) as at 30 June 2019

	\$	\$
Current Liabilities		
Accounts Payable	14 190	
Accrued Wages	1 500	
Bank	5 915	
GST Clearing	736	
Loan – MNC Bank	6 000	28 341
Non-Current Liabilities		
Loan – MNC Bank		18 000
Owner's Equity		
Capital	25 000	
Less: Net Loss	8 611	
Less: Drawings	1 984	14 405
Total Equities		60 746

1 mark – Accounts Payable and Accrued Wages

1 mark – per remaining item

1 mark – deducted if no Total Equities label or total provided

Advice 1: The three accounting reports included in the VCE Accounting course are the Income Statement, Cash Flow Statement and the Balance Sheet. As the exam is only allocated a total of 100 marks, it is unlikely that students will be required to prepare all three. Therefore, students need to understand what the term 'extract' means and be prepared for its use in the exam. An 'extract' is a snapshot or portion of a report which still requires appropriate use of headings and sub-headings, totals and sub-totals.

Advice 2: Students are likely to have marks deducted when abbreviations are used.

Advice 3: The ability to split a loan between the Current Liability portion and the Non-Current Liability portion is a skill developed at the commencement of both Unit 1 and Unit 3 and is often examined when preparing a Balance Sheet extract.

f. State the definition of Owner's Equity.

1 mark

Sample Answer: Owner's Equity is the residual interest in the assets of the entity after deducting its liabilities.

g. Record cheque 563 in the General Journal.

2 marks

General Journal

Date	Details	Debit	Credit
08/07	Accrued Wages	1 500	
	Wages	600	
	Bank		2 100

1 mark – Accrued Wages and Wages

1 mark – Bank

Advice: This is an example of recording a payment of an accrued expense in the subsequent reporting period as outlined on page 27 of the Study Design. Students need to practice examples of recording the payment of accrued expenses involving GST and the receipt of accrued revenue, such as interest revenue from a term deposit, in the subsequent recording period.

Question 8 – Jerry’s Jackets (10 marks)**Prepare the Budgeted Income Statement for the year ended 30 June 2020.****Jerry’s Jackets
Budgeted Income Statement
for the year ended 30 June 2020**

	\$	\$
Revenues		
Cash Sales	400 000	
Credit Sales	100 000	
Less: Sales Returns	5 000	495 000
Less: Cost of Goods Sold		
Cost of Sales		198 000
Gross Profit		297 000
Less: Inventory Loss		2 500
Adjusted Gross Profit		294 500
Plus: Other Revenue		
Discount Revenue		8 000
		302 500
Less: Other Expenses		
Advertising	12 000	
Depreciation Expense – Equipment	6 000	
Depreciation Expense – Van	9 600	
Discount Expense	3 000	
General Expenses	35 000	
Interest Expense	3 600	
Rent Expense	36 000	
Wages	48 000	153 200
Net Profit / (Loss)		149 300

1 mark – Cash Sales and Credit Sales

1 mark – Sales Returns

1 mark – Cost of Sales

1 mark – Inventory Loss

1 mark – Discount Revenue

1 mark – Advertising

1 mark – Depreciation Expense - Van

1 mark – Interest Expense

1 mark – Wages

1 mark – Depreciation Expense – Equipment, Discount Expense, General Expenses and Rent Expense

1 mark deducted – no Net Profit / (Loss) label or total providing no mark has previously been deducted in Question 7 part e.

Advice: On completion of Unit 4 Outcome 2, students should be able to prepare budgeted accounting reports and model the effectiveness of alternative strategies on the performance of a business. This question is an example of students being required to model the effects of strategies on the amounts reported in the budgeted Income Statement. As per all exams, the reading of the questions is vital to the accuracy of responses. The words 'from', 'to' and 'by' and the dates contained in the question are expected to cause students difficulty in preparing an accurate budgeted Income Statement.

Question 9 – Georgie's Gourmet Foods (8 marks)

a. Explain how the accountant is using both vertical analysis and horizontal analysis.

2 marks

Sample Answer: Vertical analysis involves reporting an amount reported in the Income Statement from the period, such as both the Gross Profit and Net Profit, as a percentage of Sales from the same period, such as the Gross Profit Margin and the Net Profit Margin. (1 mark)

Whereas, horizontal analysis involves the use of trends from one period's result to another such as comparing the Gross Profit Margin and Net Profit Margin results from the September 2019 quarter with the results of the December 2019 quarter. (1 mark)

b. Discuss whether Georgie would be happy with the profitability of her business.

6 marks

Advice 1: VCAA Assessor Report statistics outline the difficulty for students achieving full marks for analysis and discuss questions. For instance, in 2016 the 6 mark *discuss* question average was 1.9 marks, with only 3 percent of students awarded full marks. A recommended approach would involve responses addressing each of the indicators provided in terms of what the indicator shows and whether the trend is favourable or unfavourable. This should allow students to be awarded a minimum of 2 marks.

Advice 2: For more advanced students, any data expressed in dollar amounts, such as Sales or Assets, are provided in order to calculate additional indicators not provided in the question. For instance, if a question gives a student the Sales dollars and the Net Profit Margin, the actual profit can be calculated and referred to in their discussion. Often, a decline in a Net Profit Margin will result in a higher actual profit. Alternatively, if Sales and Assets dollar amounts are provided, students should calculate and refer to the Asset Turnover. Finally, the DuPont method of profitability analysis should be adopted when two out three of the following indicators are provided; Asset Turnover, Net

Profit Margin and Return on Assets. Once a student is provided with two of these, higher scoring responses will calculate and discuss the trend in the third indicator.

Advice 3: Teachers should assess student responses based on their overall understanding of profitability by assessing the movements in the Gross Profit Margin and the Net Profit Margin provided. In order to be allocated further marks, students must identify and comment on profitability indicators not provided such as the Asset Turnover and Return on Assets.

Suggested Response: Profitability measures how the business has earned a profit compared to a base figure such as sales, assets or owner's equity.

The decline in the Gross Profit Margin initially indicates that the profitability of Georgie's Gourmet Foods has worsened as for every \$1 of sales in the December 2019 quarter the business retained only 40 cents to cover Other Expenses compared to 50 cents in the September 2019 quarter. However, this may be due to Georgie's Gourmet Foods reducing their selling prices resulting in the increase in Sales.

Further to this, the Net Profit Margin (NPM) has remained constant at 10% for each quarter. This means that for every \$1 of Sales the business has made 10 cents of Net Profit during each quarter. However, given that the Sales have increased by a third, both the Gross Profit and Net Profit actually increased. Georgie would view these increases as favourable. But in order to assess profitability, these increases in Sales and Net Profit need to be compared to the Assets needed to generate them.

As Sales have increased by a greater percentage than the percentage increase in Assets, the Asset Turnover profitability indicator (ATO) has improved. An increase in the ATO with an unchanged NPM will lead to an increase in the Return on assets, further indicating that profitability of the business has improved.

Question 10 – Tina's Tents (6 marks)

a. In the Answer Booklet, complete the variance report extracts.

2 marks

Cash Budget Variance Report (extract) for the year ended 30 June 2020

	Budget	Actual	Variance	Favourable / Unfavourable
Cash Sales	\$230 000	\$215 000	\$15 000	U

Income Statement Variance Report (extract) for the year ended 30 June 2020

	Budget	Actual	Variance	Favourable / Unfavourable
Credit Sales	\$145 000	\$180 000	\$35 000	F

1 mark – per entry

b. Explain how the preparation of variance reports helps with decision making.

2 marks

Advice: Not only do students need to know how to complete *Reports* as well as *Extracts of Reports*, they need to be able to explain how and why they are used. The 2018 VCAA November Exam required students to explain how the preparation of a Budgeted Income Statement assists with planning and control. Asking students to explain how the Budgeted Income Statement assists with both planning and control was a problem for the majority of students as only 8 per cent of students received full marks and an average score of 1.5 out of 4 marks.

Sample Answer: The preparation of variance reports allows budgeted amounts to be compared to actual amounts and can be used to identify problem areas. (1 mark)

Decisions can then be made and corrective action taken to improve future performance. (1 mark)

c. Explain why Tina could view the Discount Expense variance as favourable.

2 marks

Advice: There has been a trend in recent exams requiring students to think in terms of strengths and weaknesses. Students are reminded to not always agree with statements included in exams. There are usually opportunities, especially in 'discuss' style questions, to provide an alternative view or an alternative treatment as opposed to the one presented in the question.

Sample Answer: Even though the actual amount of Discount Expense was greater than the budgeted amount, this may have occurred due to credit customers (Accounts Receivable accounts) taking advantage of the credit terms available by paying debts earlier. (1 mark)

This is reflected in the favourable variance in the Receipts from Accounts Receivable which would help with the liquidity of the business / reduce the likelihood of incurring bad debts. (1 mark)

100 marks

END OF SOLUTIONS BOOKLET