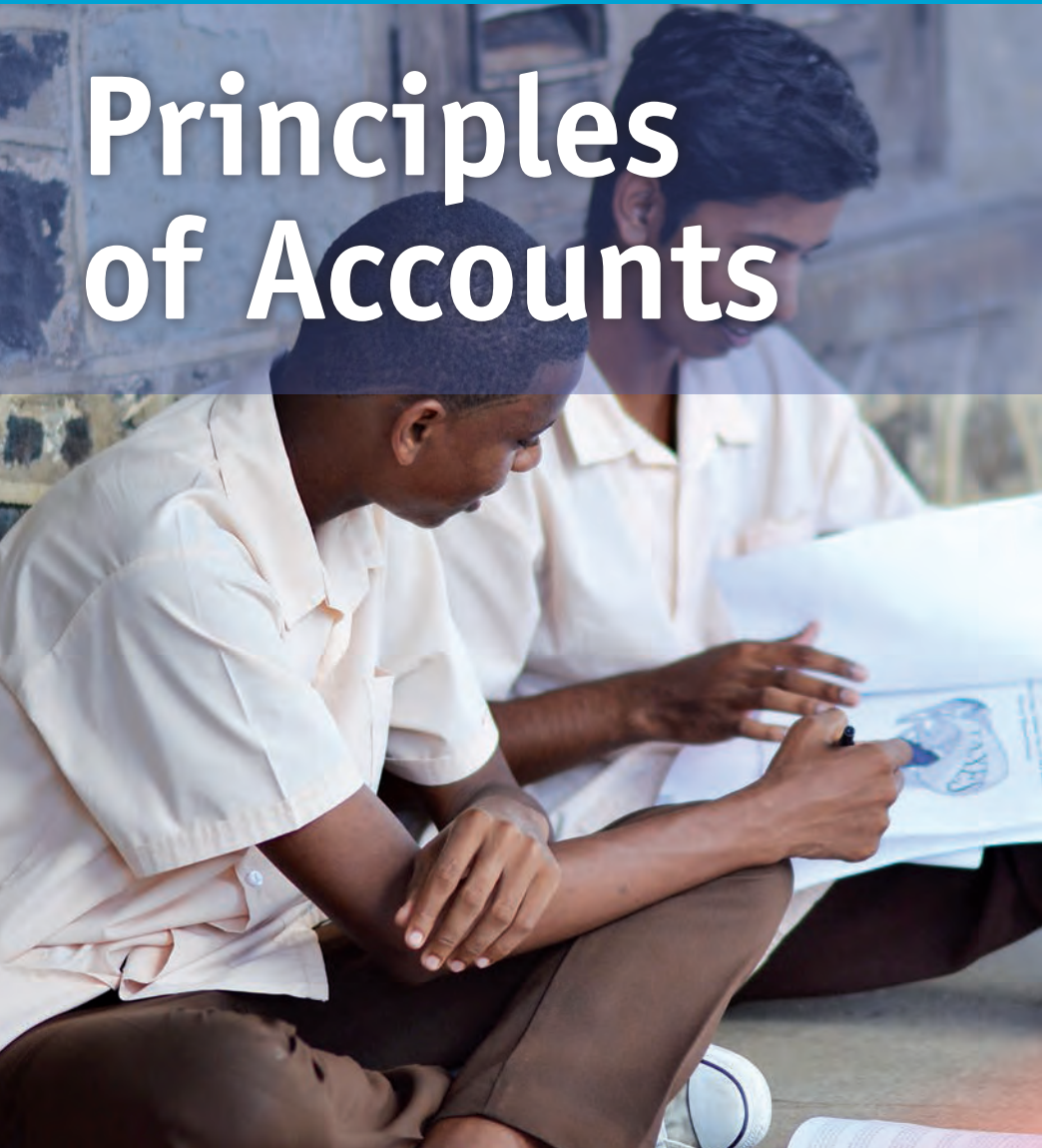




CARIBBEAN EXAMINATIONS COUNCIL

Principles of Accounts



CSEC[®] PAST PAPERS

Macmillan Education
4 Crinan Street, London, N1 9XW
A division of Macmillan Publishers Limited
Companies and representatives throughout the world

www.macmillan-caribbean.com

ISBN 978-0-230-48249-4 AER
© Caribbean Examinations Council (CXC®) 2016
www.cxc.org
www.cxc-store.com

The author has asserted their right to be identified as the author of this work in accordance with the Copyright, Design and Patents Act 1988.

First published 2014

This revised edition published October 2016

All rights reserved; no part of this publication may be reproduced, stored in a retrieval system, transmitted in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publishers.

Designed by Macmillan Publishers Limited

Cover design by Macmillan Publishers Limited and Red Giraffe

Cover photograph © Caribbean Examinations Council (CXC®)

Cover photograph by Mrs Alberta Henry

With thanks to the students of the Sir Arthur Lewis Community College, St Lucia:
Urnell Forde and Poornachandra Ramachandra

CSEC® Principles of Accounts Past Papers

LIST OF CONTENTS

Paper 02 (24 May 2005)	4
Paper 03/2 (24 May 2005)	15
Paper 02 (23 May 2006)	18
Paper 03/2 (23 May 2006)	30
Paper 02 (22 May 2007)	33
Paper 03/2 (22 May 2007)	42
Paper 02 (08 January 2008)	45
Paper 03/2 (08 January 2008)	56
Paper 02 (19 May 2008)	59
Paper 03/2 (19 May 2008)	68
Paper 02 (08 January 2009)	72
Paper 03/2 (08 January 2009)	81
Paper 02 (18 May 2009)	84
Paper 03/2 (18 May 2009)	93
Paper 02 (07 January 2010)	98
Paper 03/2 (07 January 2010)	107
Paper 02 (17 May 2010)	111
Paper 03/2 (17 May 2010)	123
Paper 02 (06 January 2011)	129
Paper 03/2 (06 January 2011)	139
Paper 02 (16 May 2011)	142
Paper 03/2 (16 May 2011)	153
Paper 02 (06 January 2012)	158
Paper 03/2 (06 January 2012)	167
Paper 02 (16 May 2012)	173
Paper 03/2 (16 May 2012)	182
Paper 02 (08 January 2013)	186
Paper 03/2 (January 2013)	198
Paper 02 (24 May 2013)	205
Paper 03/2 (May / June 2013)	217
Paper 02 (07 January 2014)	224
Paper 03/2 (January 2014)	237
Paper 02 (22 May 2014)	246
Paper 03/2 (May/June 2014)	255

Paper 02 (May/June 2015)	264
Paper 03/2 (May/June 2015)	300
Paper 02 (January 2016)	314
Paper 03/2 (January 2016)	346
Paper 02 (May/June 2016)	358
Paper 03/2 (May/June 2016)	386

TEST CODE **01239020**

FORM TP 2005122

MAY/JUNE 2005

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

24 MAY 2005 (a.m.)

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2004 Caribbean Examinations Council.
All rights reserved.

01239020/F 2005

SECTION I

Answer ALL questions in this section.

1. (a) The following Trial Balance (including the heading) has errors.

Trial Balance for year ended December 30, 2004

	Dr \$	Cr \$
Sales	69 039	
Purchases		41 175
Carriage		2 572
Drawings		3 900
Rent	3 311	
Salaries and wages	15 375	
Bad debts		438
Provision for bad debts	65	
Debtors	6 060	
Creditors		3 235
Stock (January 1, 2004)		5 963
Cash at bank	589	
Provision for depreciation	9 500	
Equipment at cost	29 000	
Capital		
	<u>132 939</u>	<u>83 827</u>

Redraft the Trial Balance correctly and include the capital amount. (7 marks)

- (b) Show the journal entries necessary to record the following items in the books of M. Ramjeet: (Suitable narrations must be used.)

- April 1 Office furniture bought by Ramjeet for \$3 000 was returned to the supplier, Furniture & More, as it was the wrong order.
- April 5 A water bill of \$75 for Ramjeet's home was incorrectly recorded in the books of the business. The error is now being corrected.
- April 10 L. Townsend, a debtor who owed Ramjeet \$300, has been declared bankrupt. The court ordered Townsend to pay \$0.50 for every dollar owed. Ramjeet received a cheque for the amount.
- April 13 Ramjeet removed stock valuing \$450 from the business for his personal use.
- April 20 Motor vehicle valuing \$100 000 bought on credit from Y.S. Garage. A cheque for \$30 000 was made to Y.S. Garage as down payment.

(9 marks)

- (c) State whether the error made on April 05, and each of the transactions on April 10, 13 and 20 would **increase**, **decrease** or have **no effect** on the profit of the business. (4 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) Oliver Bentley maintains control accounts in his general ledger. He prepared a Sales Ledger Control Account for January 2004, with information derived from his subsidiary books. The debit balance shown in the Sales Ledger Control Account at January 31, 2004, does not agree with the list of debtors extracted from the sales ledger at that date. The value of debtors according to the sales ledger at January 31, 2004, was \$14 872.

The following errors were subsequently discovered:

1. K. Boodraj, a bad debtor whose account had been written off in 2003, sent a cheque for \$198. The amount was entered in the sales ledger.
 2. In January a page of the sales returns day book had been overcast by \$200.
 3. Discounts received of \$156 had been mistakenly entered in the discounts allowed column of the cash book in January 2004.
 4. A debit balance of \$824 on S. McCalla's account in the sales ledger had been set off against his account in the purchases ledger. This entry had not been recorded in either control account.
 5. A \$58 discount allowed to Ram Sookie had been correctly entered in the cash book but had not been entered in Ram's account.
 - (i) Calculate the total of the debtors' balances at January 31, 2003, **after** the errors have been corrected. (**Show your workings.**) (4 marks)
 - (ii) Calculate the total debtors' balance in Bentley's Sales Ledger Control Account for the month of January 2004, **before** the errors had been corrected. (8 marks)
- (b) On April 1, 2004, a business purchased a machine costing \$224 000. The machine has a life expectancy of approximately 40 months. At the end of that time the machine is expected to have a trade-in value of \$24 000. The financial year of the business ends on December 31, each year.
- (i) Use the formula for calculating annual depreciation on the 'Straight-line Method' to determine the annual depreciation on the machine. (2 marks)
 - (ii) Calculate the depreciation charge at the end of the first year. (1 mark)
 - (iii) Show the depreciation account for the first two years. (5 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. Chris and Dorcas are in partnership. Their capital and current accounts as at January 1, 2004, are as follows:

	Capital Balances	Current Balances		Drawings
	\$	\$		\$
Chris	40 000	5 000 (Credit)	Chris	17 000 (on June 30)
Dorcas	60 000	3 000 (Credit)	Chris	17 000 (on December 30)
			Dorcas	12 000 (on April 30)
			Dorcas	12 000 (on August 31)
			Dorcas	12 000 (on December 31)

The partnership agreement provides for the following:

1. Profits and losses are shared between Chris and Dorcas in the same ratio as their capital.
2. Chris is to be credited with a salary of \$6 000 per annum.
3. Interest on capital at 8 per cent per annum is allowed.
4. Interest on drawings is charged at 10 per cent per annum.

The profit for the year is \$95 950.

- (a) Prepare the partnership profit and loss appropriation account for the year ended December 31, 2004. (10 marks)
- (b) Prepare the partnership **capital** and **current** accounts as at December 31, 2004. (9 marks)
- (c) Explain the meaning of a debit balance on a partner's current account. (1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. McNaughton Tools is a small manufacturing establishment. At the end of the accounting year, February 28, 2004, the following information was available.

	\$
Stocks, March 1, 2003	
Raw materials	27 000
Finished goods	35 000
Work-in-progress	7 500
Factory wages (direct)	150 000
Factory salaries	25 700
Purchases of raw materials	36 300
Returns outwards	500
Factory power and fuel	83 200
Sales	532 800
Insurance	4 400
Administrative expenses	120 000
Returns inwards on finished goods	3 000
Stocks, 28 February, 2004	
Raw materials	15 600
Finished goods	20 000
Work-in-progress	13 200
Machinery at cost	100 000

You are given the following additional information:

1. Machinery is to be depreciated at the rate of 25 per cent per annum
 2. Factory power and fuel is in arrears of \$720
 3. Insurance, which is to be divided in the ratio 3:1 between the factory and the office, is prepaid in the amount of \$200.
- (a) Prepare a manufacturing account for the year ended February 28, 2004, showing clearly the following:
- (i) The cost of raw materials consumed (used up)
 - (ii) The prime cost
 - (iii) Factory overheads
 - (iv) The total cost of production (14 marks)
- (b) Prepare a Trading and Profit and Loss Account for year ended February 28, 2004. (4 marks)
- (c) (i) Calculate the gross profit to sales ratio. (1 mark)
- (ii) Calculate the rate of turnover. (1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

5. The balances below remained in the books of Stanigar Ltd after the preparation of the Trading and Profit and Loss Account for year ended June 30, 2004.

	\$
Net profit	319 400
Debtors	86 000
Creditors	38 000
Interim dividend paid to ordinary shareholders	20 000
Fixed assets at cost	548 000
Accumulated depreciation	27 400
Unappropriated profits brought forward	55 000
Ordinary shares (\$2 each)	100 000
5 per cent preference shares (\$3 each)	40 000
Stocks (June 30, 2004)	66 000
Bank overdraft	15 000
Prepaid expenses	3 500
Interest on loan outstanding	56 000
Cash balance	2 300
Directors fees outstanding	45 000
14 per cent loan	30 000

The directors of Stanigar Ltd recommended the following:

1. That TWO reserves be set up, namely,
 - (i) a general reserve of \$15 000, and
 - (ii) a reserve of \$7 000 for asset replacement.
2. Ordinary shareholders be paid a final dividend of 20 cents per share.
3. Preference shareholders dividend be paid.
 - (a) Prepare, in **vertical format**, the Profit and Loss Appropriation Account of Stanigar Ltd. (7 marks)
 - (b) Prepare, in **vertical format**, the Balance Sheet of Stanigar Ltd. (12 marks)
 - (c) Explain the meaning of the term '14 per cent' beside the word "loan". (1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

6. The Bridge Town Cricket Club had the following assets and liabilities at January 1, 2004.

Sports equipment \$20 000, stocks of refreshments \$1 000, creditors for refreshment \$5 500, bank balance \$10 000, subscriptions owing \$500.

During the year the following receipts and payments were made by the treasurer of the cricket club.

Receipts	\$
Subscriptions - Year ended 2003	500
Subscriptions - Year ended 2004	23 000
Subscriptions - Year ended 2005	600
Sale of refreshments	25 800
Sale of raffle tickets	4 200

Payments	\$
Printing of raffle tickets	400
Payment to creditors	15 200
Purchase of sports equipment	12 600
Wages: Groundsman	4 000
Sales girl	3 000
Utilities	8 000
Rent	12 000

Additional information at December 30, 2004, reveals that:

- Subscriptions owing for year ended 2004 is \$440.
- Utility bills still outstanding \$345.
- Stocks of refreshment at December 30, 2004, was \$6 250.
- Sports equipment is to be depreciated at the rate of 10 per cent per annum.
- Creditors for refreshment \$2 170.
- Rent prepaid at December 30, 2004, was \$300.

- (a) Prepare a statement to show the opening capital (Accumulated Fund) of the Bridge Town Cricket Club. **(5 marks)**

- (b) Prepare the following for the Bridge Town Cricket Club:

- (i) Subscriptions account **(5 marks)**

- (ii) Refreshment Trading account **(3 marks)**

- (iii) Income and Expenditure Account for the year ended December 31, 2004 **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) James Sigler is a garage mechanic who will visit the customer at home to find the source of trouble and then, if necessary, advise the customer to send the vehicle to his business place for repairs. When out on a job James Sigler is paid at the "customer care" rate. When in the garage he works an eight-hour shift from 8.00 a.m. to 4.00 p.m. with an hour for lunch. Any additional hours registered by the automatic clock are considered overtime hours.

The following are two documents recording his work for the week ending May 6, 2005.

CAR DOCTOR ENTERPRISES		JOB # 9
DEPARTMENT: Customer Care		
TIME SHEET		
MECHANIC: <u>James Sigler</u>	Clock # 16	<div style="border: 1px solid black; width: 50px; height: 20px;"></div>
Date / time started / ended: May 2, 2005, 8.00 a.m. - 1 p.m.		
Description of work required:		
1. Travel to and from customer's premises - 45 mins.		
2. Check source of problem - 3 hours		
3. Advise customer to send in for repairs - 15 mins		
<u>S Dale</u> Signature: Operator	<u>Foster Khan</u> Signature: Customer	<u>Trev Leeson</u> Signature: Supervisor
Remarks: Hours to be paid at customer care rate of pay.		

CAR DOCTOR ENTERPRISES CLOCK CARD					CLOCK # 16 NAME : JAMES SIGLER WEEK ENDING MAY 6, 2005	
	IN	OUT	IN	OUT	IN	OUT
MONDAY MAY 2			1.00	4.00		
TUESDAY MAY 3	8.00	12.00	1.00	4.00		
WED MAY 4	8.00	12.00	1.00	4.00	5.00	7.00
THURS MAY 5	8.00	12.00	1.00	4.00	5.00	8.00
FRIDAY MAY 6	8.00	12.00	1.00	4.00	5.00	7.00

Additional Information:

1. "Customer Care" rate is \$20 an hour.
 2. Regular work hours (8:00 a.m. to 4:00 p.m.) are \$12 an hour, and one-and-one-half ($1\frac{1}{2}$) the regular rate is paid for overtime work done.
 3. The firm deducts the following: PAYE 10 per cent; Health Security 5 per cent and a savings plan contribution of 5 per cent of weekly wages.
- (i) Complete the table on the answer sheet provided to arrive at the number of hours worked by James Sigler in the week ended May 6, 2005. (9 marks)

GO ON TO THE NEXT PAGE

- (ii) Complete the pay slip for James Sigler for the week ended May 6, 2005, **on the answer sheet provided.** (7 marks)
- (iii) Give TWO possible reasons for charging a higher rate for 'customer care' jobs. (2 marks)
- (c) Write suitable terms for the following definitions:
 - (i) A long-term loan which companies sometimes offer as a means of raising capital.
 - (ii) An arrangement with the bank requiring it to pay out from your account, fixed amounts on specific dates. (2 marks)

Total 20 marks

END OF TEST

Centre No: _____

Candidate No: _____

Answer Sheet for Question 7 (i)

CAR DOCTOR ENTERPRISES WEEKLY WORK RECORD			
EMPLOYEE NAME		FOR WEEK ENDED:	
	CUSTOMER CARE JOB TICKET	REPAIR SHOP CLOCK CARD	
	HRS	REGULAR HOURS	OVERTIME HOURS
MONDAY			
TUESDAY			
WEDNESDAY			
THURSDAY			
FRIDAY			
TOTAL HOURS			

Centre No: _____

Candidate No: _____

Answer Sheet for Question 7 (ii)

CAR DOCTOR ENTERPRISES
EMPLOYEE PAY SLIP

NAME		JAMES SIGLER					Employee No. 16	
WEEK ENDED								
CUSTOMER CARE DEP'T				REPAIR SHOP				
Care Hours	Hourly rate	Total Pay Customer Care	Regular Hours	Reg Hourly Rate	Overtime Hours	Overtime Hourly Rate	Total Pay Repair Shop	
	\$	\$		\$	\$		\$	
GROSS PAY							\$	
Income Tax	Health Security	Savings					Total Deductions	
\$	\$	\$					\$	
NET PAY							\$	

TEST CODE **01239032**

FORM TP 2005123

MAY/JUNE 2005

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1½ hours

24 MAY 2004 (p.m.)

1. Answer ALL questions.
2. Answer the questions on the Answer Booklet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2004 Caribbean Examinations Council.
All rights reserved.

01239032/F 2005

CASE

Rose Flower owns a fairly large building situated close to Trimmaine Main Road. She decides to go into business. The building is situated close to the main transportation routes and Rose feels she could do well supplying goods to small retailers. On January 2, 2005, Rose Flower started her business, 'One Stop Wholesale', selling drinks and snacks. The assets and liabilities of the business on that date were as follows:

	\$
Building	90 000
Office furniture	2 400
Steel shelving	12 000
Cash register	1 300
Cash at bank	4 000
Cash in hand	3 500
5 yr 5 per cent loan (Caribbean National Bank)	30 000
Motor vehicle	26 000
Stock of goods	5 000

The steel shelving will be kept in the business for 7 years after which it will be sold for \$1 000.

During the month of January the following activities took place:

	\$
Revenue from sale of drinks and snacks	4 500
Cash purchases	700
Credit purchases	300

Tempco Light and Power Company sent 'One Stop Wholesale' an electricity bill for \$800.

Rose paid \$500 of this amount.

Rose pays herself a monthly salary of \$200.

Stock on hand at the end of January 2005, was \$3 000.

Interest on loan accrues evenly throughout the year. The interest for January has not been paid.

GO ON TO THE NEXT PAGE

1. Prepare the opening entries in the General Journal of 'One Stop Wholesale' on January 2, 2005. (7 marks)
2. List THREE expenses, other than those given in the case, that the business may incur. (3 marks)
3. Calculate the working capital as at January 2, 2005. (1 mark)
4. For what is the working capital in a business used? (1 mark)
5. Calculate the annual depreciation on the steel shelving. (Show your workings.) (2 marks)
6. Open the provision for depreciation account for the steel shelving and record the first year's depreciation on the asset. (2 marks)
7. List TWO methods which may be used to value the stock at the end of the year. (2 marks)
8. Calculate the annual interest on the loan from Caribbean National Bank. (1 mark)
9. Prepare the Trading, Profit and Loss Account for 'One Stop Wholesale' for the month of January, 2005. (12 marks)
10. Prepare the opening balance sheet of 'One Stop Wholesale' as at January 31, 2005. (4 marks)
11. State TWO ways in which Rose Flower could increase her capital without any additional personal investment. (2 marks)
12. What type of business entity is 'One Stop Wholesale'? (1 mark)
13. Calculate the rate of stock turnover for the business. (Show your workings.) (2 marks)

Total 40 marks

END OF TEST

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

23 MAY 2006 (a.m.)

1. Answer **ALL** the questions in Section I and **TWO** questions from Section II.
2. Begin **EACH** answer on a separate page.
3. Keep **ALL** parts of **EACH** answer together.
4. Silent electronic calculators may be used, but **ALL** necessary working should be clearly shown.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2005 Caribbean Examinations Council ®.
All rights reserved.

SECTION I

Answer the THREE questions in this section.

1. Armstrong and Barnett are in partnership, sharing profits in the same proportion as their capital. Interest on the capital is to be paid at the rate of 10 per cent per annum. Armstrong is to receive a salary of \$3 000 per annum. No interest is allowed or charged on drawings or current account balances.

The following is the Trial Balance of Armstrong and Barnett as at December 31, 2005.

	\$	\$
Capital Account (Armstrong)		40 000
Capital Account (Barnett)		60 000
Current Account (Armstrong)	10 000	
Current Account (Barnett)		7 000
Drawings (Armstrong)	12 000	
Drawings (Barnett)	5 000	
Buildings	153 000	
Fixtures and Fittings	30 000	
Motor Vehicles	80 000	
Gross Profit		230 000
Debtors and Creditors	70 000	60 000
Operating Expenses	55 000	
Goodwill	80 000	
Provision for Depreciation (Motor Vehicles)		40 000
Provision for Depreciation (Buildings)		20 000
Bank Overdraft		3 000
Loan at 15%		35 000
	<u>495 000</u>	<u>495 000</u>

GO ON TO THE NEXT PAGE

The following information is to be taken into account:

- Depreciation on motor vehicles is to be provided at the rate of 12 per cent per annum.
- Depreciation on buildings is to be provided at the rate of 10 per cent per annum.
- The interest on the loan has not been paid.
- A provision for bad debts is to be made at the rate of 5 per cent.

Required:

- (a) Prepare a Profit and Loss and Appropriation Account for the partnership, for the year 2005. **(Please note that you are not required to do a Trading Account.)** (9 marks)
- (b) Prepare the Current Accounts for the partners. (5 marks)
- (c) Prepare the Balance Sheet as at December 31, 2005. **(Do not show details of the current accounts of the partners in the Balance Sheet.)** (6 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) The Cash Book of L. Tracey at February 28, 2006, showed a debit balance of \$10 030. On comparing the Cash Book with the Bank Statement, the following differences were observed:

- A cheque paid to a creditor for \$ 1 894 was entered in the Cash Book as \$1 984
- Direct credits received by the bank but not entered in the Cash Book amounted to \$500
- Bank charges not entered in the Cash Book amounted to \$194
- A standing order of \$36 for insurance premiums was not entered in the Cash Book
- Unpresented cheques amounted to \$6 936
- Bank deposits not credited by the bank amounted to \$548
- Cheques returned by the bank marked "refer to drawer" were not adjusted in the Cash Book and amounted to \$112

Use the information above to:

- (i) update the Cash Book (6 marks)
 - (ii) prepare a Bank Reconciliation Statement (5 marks)
- (b) M. Martin commences business on January 1, 2002. His debtors at

December 31, 2003, were \$15 000
December 31, 2004, were \$12 000
December 31, 2005, were \$14 000

A provision for bad debts of 5 per cent is to be created on debts at the end of each year.

Use the information above to answer the following questions.

- (i) Show the Provisions for Bad Debts Account for EACH of the three years. (7 marks)
- (ii) Show the extracts from the second year's Balance Sheet. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) Prepare the journal entries with appropriate narrations, for EACH of the following situations. The date to be used for each case is December 31, 2005.
- (i) A receipt of \$2 300 from M. Ramadan was recorded in error to the account of M. Ramteet. Show the correction of the error in the journal entry.
 - (ii) Office fixtures costing \$1 700 previously bought from Office Fixtures Unlimited were returned to them as the wrong order.
 - (iii) K. Shivnaraine's debt of \$2 000 was written off as a bad debt six months ago. Recently, the business received a cheque from him for \$2 000 with a note attached "in full settlement of debt".
 - (iv) The sale of used computers valued at \$40 000 cash was recorded in the Sales Account. Show the correction of the error in the journal entry.
 - (v) Discounts allowed to customers for the total sum of \$300 were credited to the Discount Received Account. Show the correction of the error in the journal entry.
- (11 marks)
- (b) Use the relevant information from the data below to prepare EITHER accounts OR statements to show the amount for **total** purchases and sales for the period.

	May 30, 2005	May 30, 2006
	\$	\$
Debtors	3 219	3 388
Creditors	1 842	1 891
Cash received from debtors	\$24 264	
Cash paid to creditors	\$18 624	
Cash purchases	\$5 780	
Cash sales	\$12 320	

(9 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. Sport Art makes frames for pictures of sports events mainly out of wood and metal strips. They employ both wood workers and metal workers. On June 30, 2005, the following information was extracted from its records.

	\$
Purchases: Wood pieces	16 800
Metal strips	1 300
Sports pictures	15 300
Stock at start: Wood pieces	1 400
Metal strips	200
Work-in-progress	800
Finished framed pictures	6 000
Stock at close: Wood pieces	1 500
Metal strips	300
Work-in-progress	1 000
Finished framed pictures	9 000
Factory wages – Wood workers	27 000
Metal workers	12 000
Rent (Factory 2/3; Office 1/3)	6 000
Insurance on equipment	700
Foreman's salary	10 000
Other factory expenses	2 100
Sales	122 200
Selling expenses	8 000

Additional information:

- Factory equipment valued at \$32 000 is to be depreciated at the rate of 10% per annum.
- (a) **Using the answer sheet provided as a guide,** prepare the Manufacturing Account for Sport Art for the year ended June 30, 2005, to clearly show the following:
 - Prime Cost of Wood Used
 - Prime Cost of Metal Used
 - Total Prime Costs
 - Total Factory Overheads
 - Production Cost transferred to Trading Account

(12 marks)

GO ON TO THE NEXT PAGE

- (b) Prepare the Trading and Profit and Loss Account for Sport Art for the year ended June 30, 2005, to clearly show the following:

—	Cost of Goods Sold	
—	Gross Profit	
—	Net Profit	(8 marks)

Total 20 marks

5. (a) The following Balance Sheet of Price Rite Ltd. has several errors in the way it is presented. Redraft the Balance Sheet using the **VERTICAL** style, ensuring that sections of the Balance Sheet are clearly marked with appropriate headings.

Balance Sheet
Price Rite Ltd.
as at December 31, 2005

Assets	\$	\$	Liabilities	\$
Stock		21 500	Creditors	25 000
Land and Buildings	150 000		6% Debentures	20 000
Less Depreciation	<u>30 000</u>	120 000	Proposed Ordinary Dividend	9 000
Debtors	54 500		Authorized Share Capital	
Less Provisions for bad debts	<u>2 725</u>	51 775	20 000 7% preference shares of \$1 each	20 000
Cash in hand		700	125 000 ordinary shares of \$1 each	125 000
Investments		8 000	General Reserve	31 000
Equipment	15 000		Issued Share Capital	
Less Depreciation	6 000	9 000	20 000 7% preference shares of \$1 each	20 000
Cash at Bank		5 500	90 000 ordinary shares of \$1 each	90 000
Motor Vehicles	7 500		Proposed Preference Dividend	700
Less Depreciation	<u>3 750</u>	3 750	Profit and Loss Account	23 925
			Debenture Interest Owing	600

(19 marks)

- (b) What is the meaning of the “7%” placed in front of Preference Shares and the “6%” placed in front of Debentures?

(1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

6. The following receipts and payments account for the year ended December 31, 2005, for the Kingstown Domino Club, has been prepared by the club's treasurer.

	\$		\$
Opening bank balance	1 752	National Domino Tournament:	
Refreshment sales	3 368	Purchase of tickets	7 200
National Domino Tournament:		Purchase of refreshments	3 800
Ticket sales	800	Purchase of domino sets for club	3 000
Sale of some old tables	7 600	Purchase of tables for club	7 800
Subscriptions received	14 380	Fees paid to coach	2 000
Closing bank balance	540	Rental of premises	1 000
		Purchase of magazines	980
		Secretarial expenses	1 880
		Cleaning expenses	780
	<u>28 440</u>		<u>28 440</u>

The following additional information is available:

	As at Jan 1, 2005	As at Dec 31, 2005
	\$	\$
Land owned by club	10 000	10 000
Stock of refreshments, at cost	500	1 120
Debtors for tables sold	800	
Subscriptions received in advance	480	780
Creditors: refreshment supplies	1 820	1 020

Tables are to be depreciated at 10 per cent per annum.

GO ON TO THE NEXT PAGE

- (a) (i) Prepare a Statement of Affairs to show the club's accumulated fund as at January 1, 2005. (6 marks)
- (ii) Prepare the club's Refreshment Account. (3 marks)
- (iii) Prepare the club's Income and Expenditure Account for the year ended December 31, 2005. (8 marks)
- (b) If a Balance Sheet were prepared for the club as at December 31, 2005, where would the following items be recorded?
- (i) Closing bank balance
- (ii) Subscriptions in advance
- (iii) Surplus/Deficit (3 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. The following is the summary final accounts of Maxie's, a trader.

Maxie's
Trading and Profit and Loss Account for the year ended June 30, 2005.

	\$	\$
Sales		154 610
Less cost of sales		
Opening stock	680	
Purchases	81 070	
	81 750	
Closing stock	(810)	80 940
Gross Profit		73 670
Expenses	37 830	
Depreciation	3 620	
Provision of bad debts	1 860	
Interest on loan	500	43 810
Net Profit		29 860

Maxie's
Balance Sheet as at June 30, 2005.

	\$	\$	\$
Fixed assets (at cost \$22 890)			10 060
Current Assets			
Stock		810	
Debtors		4 330	
Prepayments		1 350	
Cash at bank		8 370	
Cash in hand		150	
		15 010	
Less Current liabilities			
Sundry expenses	200		
Loan interest	500	700	14 310
Net current assets			24 370
Loan			10 000
			14 370
Capital (July 1, 2004)			21 110
Add profit			29 860
			50 970
Less drawings			36 600
			14 370

GO ON TO THE NEXT PAGE

- (a) Use the statements given to calculate the following ratios. (Show your workings.)
- (i) Current ratio
 - (ii) Acid test
 - (iii) Return on capital invested
 - (iv) Rate of stock turnover
 - (v) Net profit percentage (10 marks)
- (b) Use the Trading and Profit and Loss Account and the Balance Sheet where applicable, to answer the following questions:
- (i) Give another term for "net current assets" as indicated on the Balance Sheet.
 - (ii) Why does loan interest of \$500 appear on the Balance Sheet even though it is recorded in the Profit and Loss Account?
 - (iii) What does a "good" current ratio indicate?
 - (iv) What is the term used for the fixed asset amount of \$10 060?
 - (v) It can be reasonably assumed that Year 2005 is not the first year depreciation has been charged on fixed assets. Why is this assumption correct?
- (c) Indicate whether the following statements are **True** or **False**:
- (i) An acid test ratio of 1:5 is good.
 - (ii) A current ratio of 2:4 is **not** good.
 - (iii) The purchase of fixed assets is a capital expenditure.
 - (iv) Prepayments should be charged against profits for the current period.
 - (v) Bad debts is written off in the Profit and Loss Account, and then subtracted from the debtors amount in the Balance Sheet. (10 marks)

Total 20 marks

END OF TEST

Answer Sheet to be used as a guide for Question 4.

Candidate Number:

Centre Number:

Sport Art
Manufacturing Account
For the period ended June 30, 2005

	Wood	Metal	Total
	\$	\$	\$

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1½ hours

23 MAY 2006 (p.m.)

1. Answer ALL questions.
2. Answer the questions on the Answer Booklet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2005 Caribbean Examinations Council ®.
All rights reserved.

Answer ALL questions.

CASE – Top Hill Secondary School

Top Hill Secondary is a private school with five hundred fee-paying students and a teaching staff of twenty-five. Accounting records are kept separately for the school's cafeteria. Top Hill Secondary was badly damaged by a hurricane in August 2005.

One month after the hurricane, the accountant of the school fell ill and you have been asked to complete the work which he started. You have been provided with the following information:

(a)	LIST OF BALANCES (August 31, 2005)	\$
	Bank Balance	38 400
	Cafeteria Sales	61 600
	Cafeteria Purchases	31 300
	Cafeteria Stock at start	1 500
	Creditors	2 700
	Other Cafeteria Expenses	1 700
	Capital	45 100
	Cafeteria Staff Wages	18 000
	School's Fixed Assets	75 000
	Cafeteria closing stock damaged in hurricane valued	2 400
	The stock was fully insured.	

1. Prepare the Trading and Profit and Loss Account for the school's cafeteria as if there were no stock damage. (7 marks)
2. Calculate the Gross Profit Mark-up on cost of the cafeteria. (Show your workings.) (2 marks)
3. Calculate the rate of Stock Turnover for the cafeteria. (Show your workings.) (2 marks)
4. What would a Return on Capital Employed of 190% indicate about the profitability of the school? (2 marks)
5. The insurance claim for the damaged stock was submitted and a cheque was received for the full amount of stock lost. Show the journal entry to record the settlement. (4 marks)
6. Other than stock, name TWO items that Top Hill should consider insuring. (2 marks)

GO ON TO THE NEXT PAGE

- (b) Some additional information has been provided about Top Hill Secondary:
- (i) Uncollected student fees amount to \$26 000.
 - (ii) An accrued school telephone bill exists for \$300.
 - (iii) Depreciation is provided on fixed assets at a rate of 10% per annum on the Reducing Balance Method.
7. Other than Provision for Depreciation, what other provision should the owner of Top Hill Secondary create in his accounts? Give a reason for your recommendation. (2 marks)
8. Top Hill has applied for a 5 year 8% bank loan of \$60 000. What is the meaning of "5 year" and "8%"? (2 marks)
9. Assuming no other fixed assets are purchased, show the Provision for Depreciation Account for August 31, 2005 and August 31, 2006. (4 marks)
10. In July 2006, how should the school record the information regarding uncollected fees from students who migrated in September 2005? (2 marks)
11. Prepare the Balance Sheet of Top Hill Secondary keeping in mind that the overall Net Profit is \$86 200. (10 marks)
12. Calculate the Current Ratio from the Balance Sheet. (1 mark)

Total 40 marks

END OF TEST

FORM TP 2007120

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

22 MAY 2007 (a.m.)

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2006 Caribbean Examinations Council ©.
All rights reserved.

SECTION I

Answer ALL questions in this section.

1. (a) List THREE distinguishing features of a partnership concern. (3 marks)
- (b) Skerritt and Cymbal are in Partnership sharing profits and losses in the ratio of their capital balances. The following balances were left over in their books after the preparation of the Trading and Profit and Loss Account on September 30, 2006.

	\$
Capital Accounts:	
Skerritt	30 000
Cymbal	40 000
Current Accounts	
Skerritt	(300)
Cymbal	1 500
Drawings	
Skerritt	12 000
Cymbal	5 000
Motor Vehicles at cost	43 000
Buildings at cost	232 000
Debtors	23 300
Creditors	17 000
Stock at September 30, 2006	18 000
Cash at bank	27 000

Additional information to be taken into consideration:

- (1) The net profit for the year ended September 30, 2006 is \$250 000.
- (2) Each partner earns an annual salary of \$60 000.
- (3) Interest on capital is to be paid at the rate of 5% per annum.
- (4) Interest on drawings is to be charged at the rate of 10% per annum. Skerritt drew cash on October 31, 2005 and Cymbal drew cash on March 31, 2006.
- (5) Accumulated depreciation on Motor Vehicles to September 30, 2006 is \$8 600.

Required:

- (i) Prepare the Profit and Loss Appropriation Account of Skerritt and Cymbal for the year ended September 30, 2006. (6 marks)
- (ii) Prepare the Current Accounts of Skerritt and Cymbal on September 30, 2006. (5 marks)
- (iii) Prepare the Balance Sheet of Skerritt and Cymbal as at September 30, 2006, showing the working capital. (Do not show details of the current accounts in the Balance Sheet. Transfer only the closing balances from the partners' current accounts.) (6 marks)

GO ON TO THE NEXT PAGE

2. (a) Write up Mahabeer's THREE column cash book from the transactions below, and balance the cash book appropriately.

April	1	Balances brought forward, cash \$350; bank overdraft \$5 000.
	2	Singh who had an account balance of \$8 000 paid in full by cheque, after deducting 5% cash discount.
	3	Paid rent by cheque \$700.
	7	Paid Townsend \$970 by cheque, having deducted 3% cash discount.
	10	Received a cheque of \$3 000 from a friend as a loan.
	15	Paid wages in cash \$300.
	16	Transferred \$1700 from bank to cash.
	25	Cash sales \$450.
	27	Cash withdrawn for personal use \$150.
	28	Paid in full, McBean's outstanding balance of \$700, less 5% cash discount.

(10 marks)

- (b) In June Mahabeer received his bank statement which showed that he had an over-drawn balance of \$7 225 on his bank account. His cash book showed an overdrawn balance of \$2 000. In checking his cash book with this bank statement balance, Mahabeer made the following observations:

- (1) End of the month bank charge of \$16 entered on the bank statement, is not included in the cash book.
- (2) A cheque made payable to McBean for \$798 has been entered correctly in the bank statement but was entered in the cash book as \$789.
- (3) A cheque received and entered in the cash book from Singh for \$5 700 was returned by the bank stating "words and figures do not agree". No correction has yet been made in the cash book.
- (4) Deposits of \$13 000 made to the bank account on March 28 and recorded in the cash book, do not appear on the bank statement.
- (5) Cheques #22156 for \$3 500 and #22158 for \$2 000 have not been presented to the bank for payment.
- (6) Dividends of \$8 000 paid directly to Mahabeer's bank account, is shown on the bank statement but has not been recorded in the cash book.

Required:

- (i) Starting with the overdrawn cash book balance of \$2 000, write up the bank account to bring it up to date. (6 marks)
- (ii) Prepare Mahabeer's Bank Reconciliation Statement as on 30th June, 2006. (4 marks)

GO ON TO THE NEXT PAGE

3. (a) State (i) the most appropriate source document and (ii) the book of original entry which Pinto should use for each of the transactions below. (**Write your response in your answer booklet**).

Transaction	Source Document	Book of Original Entry
a) Pinto returned some goods previously purchased. They were the wrong order.		
b) Sent a cheque to S. Morgan for goods purchased.		
c) Sold an old computer (no longer suited for the business) on credit to Longsdale Primary School.		
d) A customer returned damaged goods previously bought from Pinto.		

(4 marks)

- (b) On January 1, 2004 the S & S Company had \$7 500 balance in its Provision for Bad Debts account. The company's policy is to provide 5% of debtors as bad debts provision. The company's year ended December 31.

The debtors for the following 3 years were as follows:

December 31, 2004	\$180 000
December 31, 2005	\$135 000
December 31, 2006	\$145 000

Required:

Prepare the Provision for Bad Debts Account and the Balance Sheet extracts for the three years. (16 marks)

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. (a) The Sharks Bay Fishermen's Cooperative Society has a share capital of \$150 000. The Income and Expenditure Account for the year ending March 31, 2006 shows a surplus of \$36 200. Undistributed surplus brought forward from the previous year is \$6 000. The management committee decided that the surplus should be shared in the following manner:
- (i) 18% is to be transferred to a statutory reserve account.
 - (ii) 15% is to be placed in a scholarship fund for fishermen's children.
 - (iii) Dividends should be paid to members at the rate of ten cents to the dollar.
 - (iv) A donation of \$10 000 is to be made to members who suffered hurricane damages.

Prepare the Appropriation Account of the Sharks Bay Fishermen's Cooperative Society.
(7 marks)

- (b) The following list of balances was taken from the books of the Teachers' Cooperative Credit Union on April 30, 2006. Use the information to prepare the Balance Sheet of the credit union. **Suitable headings and grouping of the items must be observed. The working capital must be shown.**

	\$
Long Term Liability: Loan from D & B Investment Co.	250 000
Bank balance	354 000
Cash in hand	40 000
Accounts Payable (Creditors)	175 000
Share Capital	2 054 000
Long term Investments	700 000
Statutory Reserve	55 000
Loans to members	1 500 000
Surplus	33 000
Members deposits	27 000

(13 marks)

GO ON TO THE NEXT PAGE

5. The following Trial Balance was extracted from the books of K. Boorasingh on December 30, 2006:

K. Boorasingh
Trial Balance on December 30, 2006

	DR \$	CR \$
Capital		20 600
Drawings	4 550	
Stock (January 1, 2006)	2 150	
Debtors	4 380	
Creditors		6 122
General expenses	9 602	
Sales		66 190
Purchases	33 205	
Motor Vehicle at cost	15 000	
Provision for depreciation on motor vehicles		5 500
Bank	31 620	
	<u>100 507</u>	<u>98 412</u>

The Trial Balance does not balance. On investigation, the following errors were discovered:

- (1) A credit sale to Briggs for \$68 had been omitted completely from the books.
- (2) A purchase of \$160 from Simmonds was entered in Simmonds' account but omitted from purchases account.
- (3) A credit sale to Lee-Chin for \$129 was entered in the books as \$120.
- (4) Drawings of \$100 were recorded as \$1 000.
- (5) A receipt from McBeth for \$1 500 being bad debts recovered was entered in the cash book but not credited to any account.
- (6) An invoice of \$145 from S. Harricharan was credited in error to both S. Harricharan and S. Hamilton.

Required:

- (a) Record the journal entries necessary to correct each of the errors. **Narrations are not required.** (8 marks)
- (b) Open the suspense account and enter the difference on the trial balance. Post the relevant entries and close the account. (4 marks)
- (c) Redraft the corrected trial balance. (8 marks)

GO ON TO THE NEXT PAGE

6. Sally Walker is a sole trader who operates a variety store. Trading started on March 1, 2006. The following transactions in a certain product occurred during the month.

March	1	Purchased	20 units	@	\$4	each
	3	Purchased	30 units	@	\$5	each
	5	Sold	25 units	@	\$7	each
	6	Purchased	60 units	@	\$5.50	each
	7	Sold	40 units	@	\$8	each
	8	Sold	30 units	@	\$8.20	each

Required:

- (a) Complete the stock form provided using the FIFO method of stock valuation to determine the number of units and cost per unit of stock remaining on March 8. (15 marks)
- (b) Calculate the value of the remaining units (stock) using the FIFO Method. (1 mark)
- (c) Assume that the units sold on March 7 were those bought on March 6:
 - (i) Calculate the gross profit made on the units sold on March 7. (Show workings.)
 - (ii) What method of stock valuation is being assumed? (3 marks)
- (d) Name ONE other method of stock valuation. (1 mark)

GO ON TO THE NEXT PAGE

7. The Bridgeway Theatre Club is an amateur dramatic club that rents premises in which it has established a theatre and bar for the use of members. The club's treasurer has produced the following summary of the club's receipts and payments during the year ended 31 May 2006:

**Bridgeway Theatre Club
Receipts and Payments Account
For year ended May 31, 2006**

	\$		\$
Cash and Bank balance b/f	2 240	Secretarial Expenses	1 100
Members subscriptions	8 920	Rent of Premises	3 980
Donations	1 000	Production Expenses	37 600
Bar takings	51 800	Bar suppliers	29 400
Ticket sales	34 640	Bar expenses	8 360
Grants and subsidies	27 600	Fees of guest artistes	1 800
		Stationery and printing	2 200
		Purchase of Motor Vehicle	30 200
		Other expenses	9 640
		Cash and bank balance	1 920
	<u>126 200</u>		<u>126 200</u>

The following information is also available:

	June 1, 2005	May 31, 2006
	\$	\$
Subscriptions in arrears	700	920
Subscriptions in advance	320	120
Owing to bar suppliers	2 600	3 300
Bar Stock	5 340	4 660
Production expenses owing	4 980	3 080
Valuation of theatre equipment	70 000	62 000

Required:

- Prepare the Subscriptions Account for the year ended May 31, 2006. (6 marks)
- Prepare the Bar Suppliers Account to determine purchases. (3 marks)
- Prepare the Bar Trading Account for the year ended May 31, 2006, showing clearly profit or loss made by the bar. (5 marks)
- Prepare the Theatre Productions Account showing the surplus or deficit made on productions for the year ended May 31, 2006. (6 marks)



END OF TEST

Candidate No: _____

Centre No: _____

Answer Sheet for question 6 (a)

Sally Walker Stock Card

Date	Purchases		Sales		Balance	
	Unit	Price \$	Unit	Cost \$	Unit	Cost \$

TO BE ATTACHED TO YOUR ANSWER BOOKLET

TEST CODE **01239032**

MAY/JUNE 2007

FORM TP 2007121

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1½ hours

22 MAY 2007 (p.m.)

1. Answer ALL questions.
2. Answer the questions on the Answer Booklet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2006 Caribbean Examinations Council ®.

All rights reserved.

01239032/F 2007

CASE

Part A

Year 1

On March 1, 2006 Lambert Grill, a retired Agricultural Worker of Grand Anse Valley decided to start his own business selling sugar-cane juice on the outskirts of the Grand Anse Shopping Centre. Market Research had shown that there was a growing demand for local juices in the area and so Mr. Grill thought that natural sugar-cane juice would do well.

In order to start the business, Mr. Grill invested \$10 000 of his personal monies together with a Bank Loan of \$20 000 from Caribbean Second Bank. He also brought his pick-up van, which was valued at \$12 000, into the business.

On March 7, Mr. Grill used the proceeds from the Bank Loan and his personal savings to purchase the following items in order to get the business started:

Manual sugar-cane juicer	\$16 000
Ice containers/coolers	\$ 4 500
Plastic cups and covers	\$ 800
Straws	\$ 75
2 Sterilized 10 gallon storage tanks	\$ 3 500 each
Stock of sugar-cane	\$ 625

Balance of monies was held as cash for the day-to-day operations of the business.

Mr. Grill purchased sugar-cane from farmers in the area at \$0.75 each and sold his juice at \$1.50 per cup. On average, one sugar-cane produced $1\frac{1}{2}$ cups of juice. In his first year of operation, Mr. Grill sold on average, three hundred cups of juice per day (assume 360 days in the year).

At the end of the first year of operations Mr. Grill had a stock of sugar-cane valued at \$600.

1. Calculate Mr. Grill's opening capital? (Show workings), (3 marks)
2. How much of the start-up capital did Mr. Grill contribute? (Show workings), (2 marks)
3. Identify Mr. Grill's most liquid asset and his most permanent fixed asset on March 8. (2 marks)
4. List the books of original entry in which Mr. Grill will record the following:
 - (i) Cash sales
 - (ii) Purchase of the sugar-cane juicer. (2 marks)

GO ON TO THE NEXT PAGE

5. If Mr. Grill decides to merge his business with a sugar-cane farmer, what type of business entity would they be operating? (1 mark)
6. Give TWO possible reasons why Mr. Grill would want to merge with a sugar-cane farmer? (2 marks)
7. Name ONE revenue expenditure and ONE capital expenditure item incurred by Mr. Grill on March 7. (2 marks)
8. Prepare Mr. Grill's Balance Sheet as at March 7, 2006 after the week's transactions occurred. (9 marks)
9. Calculate total sales in the first year of operations. (2 marks)

Part B

Year 2

In the second year of operations, the demand for the sugar-cane juice grew significantly. Mr. Grill paid himself a salary of \$50 per day and employed an assistant whom he paid \$35 per day. (Assume 360 days in the year). He also acquired an improved sugar-cane juicer at a cost of \$25 000.

Mr. Grill rented a spot from the Shopping Center and erected a booth paying \$300 per month. He also paid loan interest of \$250 during the year.

Mr. Grill increased his selling price to \$1.75 per cup and his sales grew to an average of 450 cups per day. During the second year, Mr. Grill made purchases of sugar-cane valued at \$85 000 and at the end of the year he had stock valued at \$850.

10. Calculate total sales in the second year of operation. (2 marks)
11. Calculate the percentage increase in total sales in the second year over the first year (show working). (2 marks)
12. Calculate Mr. Grill's average stock for the second year of operations. (Show workings.) (1 mark)
13. Prepare the Trading and Profit and Loss Account for the end of the second year of operations. (8 marks)
14. Calculate Mr. Grill's return on his investment at the end of the second year. (2 marks)

Total 40 marks

END OF TEST

TEST CODE **01239020**

FORM TP 2008026

JANUARY 2008

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

08 JANUARY 2008 (a.m.)

1. Answer ALL questions in Section I, and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.

All rights reserved.

01239020/JANUARY/F 2008

SECTION I

Answer all THREE questions in this section.

1. Johnson Company prepares the following list of account balances as at September 30, 2007.

Accounts	Amounts \$
Sales	87 400
Transportation-in	1 800
Interest revenue	2 300
Loan	23 000
Sales returns	4 250
Purchases returns	7 300
Opening stock	18 900
Purchases	30 900
Salaries expense	23 800
Insurance expense	6 300
Buildings	100 000
Provision of depreciation: Buildings	35 000
Debtors	8 700
Creditors	4 300
Provision for Bad Debts	700
Bank	12 450
Cash	900
Capital	60 000
Drawings	12 000

The following additional information is provided.

- (1) Closing stock at year end \$14 800.
- (2) The insurance expense is for the two years ending September 30, 2008.
- (3) \$1 200 in interest revenue remains to be collected.
- (4) Johnson owes workers \$3 200 in salaries.
- (5) Buildings are depreciated at the rate of 10% per year using the straight line method.
- (6) Provision for Bad Debts is to be decreased to \$500.

GO ON TO THE NEXT PAGE

- (a) Prepare the Trading and Profit and Loss Account for Johnson Company for the period ending September 30, 2007. (12 marks)
- (b) Prepare the Balance Sheet for Johnson Company as at September 30, 2007. (8 marks)

Total 20 marks

2. On July 1, 2007, Irwin Dick, a plumber, had the following balances on his book of accounts.

Accounts	Amounts \$	Amounts \$
Capital		25 730
Bank	18 100	
Roger George		7 370
Plumbing tools	15 000	

His bookkeeper tried to prepare the following books of original entry for the month of July 2007 but fell ill before completing them.

**Irwin Dick
General Journal**

Date	Details	DR(\$)	CR(\$)
2007 July 1	Pick up van Workingman's Motors Ltd	23 000	23 000

**Irwin Dick
Purchases Journal**

Date	Details	(\$)
2007 July 5	Roger George	1 330

**Irwin Dick
Returns Outwards Journal**

Date	Details	DR(\$)
2007 July 10	Roger George	200

GO ON TO THE NEXT PAGE

**Irwin Dick
Cash Book**

2007		Bank	2007		Discount received	Bank
July 1	Balance b/d	18 100	July 2	Roger George	70	7 300
14	Sale of plumbing tool	6 000	16	Miscellaneous expenses		7 950
23	Plumbing fees	21 230	30	Drawings		4 000
		<u>45 330</u>	31	Balance c/d		<u>26 080</u>
						<u>45 330</u>
August 1	Balance b/d	26 080				

- (a) Open General Ledger Accounts for ALL accounts on record at the beginning of the month, except bank. (6 marks)
- (b) Post information from the above journals to the Ledger, opening new accounts where necessary. (6 marks)
- (c) Balance and close ALL accounts. (8 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. Sharon Kelly runs a medical laboratory. She records the following **incomplete** opening entry at the start of her accounting year.

**Sharon Kelly
General Journal**

Date	Details	DR(\$)	CR(\$)
2007 Nov. 1	Cash	9 400	
	Laboratory buildings	54 500	
	Medical tools	29 800	
	Accounts Receivable	18 200	
	Office furnishings	11 500	
	Stock of medical supplies	4 400	
	Bank overdraft		5 400
	5 year 10% Bank Loan		39 000
	Accounts Payable		13 200
	Sharon Kelly: Capital		?

- (a) Calculate Sharon Kelly's capital as at November 1, 2007. (**Show workings**) (3 marks)
- (b) Using the **vertical style**, prepare the classified Balance Sheet for Sharon Kelly as at November 1, 2007. (7 marks)
- (c) The following transactions took place during the first two weeks of November.
1. A medical tool was sold for \$2 000 in cash.
 2. Sharon Kelly deposited \$5 400 of her personal savings into the bank to pay off the business' overdraft.
 3. Medical tests costing \$2 000 were carried out for client, Kelsey Morris, who will be paying in December 2007.
 4. Building Insurance \$1 350 was paid in cash.
 5. Stock of medical supplies of \$2 600 was bought on credit from Anne Charles.
 6. A cheque for \$9 800 was received for office furnishings sold.

On the answer sheet provided:

- (i) Identify the accounts affected by EACH transaction.
- (ii) State the new dollar value of these accounts in EACH case.

The first one is done for you.

(10 marks)

Total 20 marks

SECTION II

Answer any TWO questions in this section.

4. (a) Fraser Group Holdings provides the following information about debtors for the month of May 2007.

Details	Amounts \$
Balances at May 1, 2007	23 450 DR 610 CR
Transactions with debtors for the month:	
Dishonoured cheques	186
Bad debts	428
Cheques received	21 013
Credit sales	35 790
Returns inwards	244
Interest charged on late payments	139
Interest received on late payments	50

Prepare the appropriate Control Account for the month of May 2007. (7 marks)

- (b) Rishi Narine, Employee Number 265 works for a company which

- pays a regular rate of \$12 per hour.
- pays one and one-half time the regular rate for all hours worked in excess of 40 hours per week.
- deducts National Insurance of 2% of gross pay.
- makes as he requested, a regular payment to his credit union of 10% of gross pay.
- deducts income tax at the rate of 20 cents on every dollar earned.

During the week ending June 29, 2007, Rishi Narine worked a total of fifty (50) hours, ten (10) of which were counted as overtime hours.

On the answer sheet provided, complete the pay slip for Rishi Narine. (7 marks)

- (c) Rogers and Sons Ltd presents the following information.

Details	Amounts \$
Work in progress at March 1, 2007	2 450
Raw materials in stock at March 1, 2007	6 920
Raw materials purchases	45 890
Direct wages	123 800
Factory overheads	56 200
Accrued factory overheads	4 800
Work in progress at August 31, 2007	3 670
Raw materials stock at August 31, 2007	5 710

Prepare the Manufacturing Account for Rogers and Sons Ltd for the six months ended August 31, 2007. (6 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) On August 31, 2007, Gift Bag Enterprises prepared the following **incorrect** Trial Balance.

Items	Amounts \$	Amounts \$
Fixed Assets		20 900
Bank overdraft	3 700	
Creditors		6 500
Cash in hand	300	
Debtors	5 500	
Capital		45 000
Drawings	4 400	
Opening Stock	5 000	
Revenues	35 200	
Expenses	18 300	
	<u>72 400</u>	<u>72 400</u>

- (i) Rewrite the Trial Balance placing items in their correct positions. (4 marks)
 - (ii) Open a Suspense Account and post any difference in the correct column of the Trial Balance. (2 marks)
- (b) On October 31, 2007, Gift Bag Enterprises discovered the following errors.
1. Fixtures bought for \$450 in cash were entered in the Purchases Account. The owner took stock of \$1 009 for her own use. She debited drawings and credited the Sales Account.
 2. A return of goods by Small Contractors Inc worth \$230 was recorded in the Returns Outwards Journal.
 3. A voucher of \$30, for taxi fare, was never given to the petty cashier for recording.
 4. A cheque for \$360 paid to Paper Products Incorporated was credited in the creditor's account and debited in the Cash Book.
- (i) Prepare the Journal entries to correct the errors. (**Do not include narratives**). (11 marks)
 - (ii) State the type of error recorded as 2, 3 and 4 above. (3 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. On August 1, 2007, Karen and Jack decided to merge their business ventures into a partnership called K and J's Baked Goods. Each partner brought the following assets and liabilities into the partnership.

JACK	\$	KAREN	\$
Bank Overdraft	1 000	Bank	9 650
Creditors	750	Industrial Ovens	20 000
Cash	600	Debtors	5 950
Stock	1 550	Bank Loan	5 650
Van	35 000	Stock	2 550
Debtors	7 000	Creditors	1 900
		Baking trays	1 800

- (a) Prepare the Opening Entry to record the new partnership of K and J's Baked Goods as at August 1, 2007. (Show all workings) (8 marks)

Karen and Jack have agreed that the remaining profit will be shared **equally** after recording the following:

Interest on Capital will be 10% per year.
Salary: Karen will earn \$10 000 per year.

- (b) At the end of the first year of operation, K and J's Baked Goods recorded a Net Profit of \$30 000. Drawings were as follows: KAREN - \$8 000, JACK - \$6 000.
- (i) Prepare the Profit and Loss Appropriation Account of K and J's Baked Goods for the period ended July 31, 2007. (5 marks)
- (ii) Calculate the Return on Capital Employed for EACH partner. (Show workings) (5 marks)
- (c) Outline TWO advantages of the partnerships type of business over the sole trader. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. Trappers Company Limited has permission to issue 40 000 Ordinary shares and 1 000 \$50 Preference Shares at 15%. On November 30, 2007, the company has the following balances in its ledger.

	\$
28 000 Ordinary shares	56 000
Share Premium Account: Ordinary shares	84 000
800 15% \$50 Preference shares	40 000
Retained Earnings	45 800
100 5% Debentures	10 000

On that date, November 30, 2007, Trappers Company Limited declared that on December 31, they would pay the following:

- Annual interest on debentures
- Dividends on preference shares
- Dividends of 10% on ordinary shares

The declaration also noted that the remaining \$12 400 of Net Profit would be added to the appropriate reserve account.

- (a)
- (i) State ONE difference between an ordinary share and a preference share.
 - (ii) State ONE difference between an ordinary share and a debenture.
 - (iii) Calculate the annual interest on debentures. (**show working**)
 - (iv) Calculate the dividend to be paid to preference shareholders. (**show working**)
 - (v) Calculate the amount of the original Net Profit.

(10 marks)

- (b) Draw up the liabilities and capital section of the Balance Sheet of Trappers Limited identifying clearly

- any current liabilities
- any long term liabilities
- authorized share capital and
- issued share capital.

(10 marks)

Total 20 marks

END OF TEST

FORM TP 2008026

TEST CODE **01239020**

JANUARY 2008

**CARIBBEAN EXAMINATIONS COUNCIL
SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Answer Sheet for Question 4 (b)

Candidate No: _____

Centre No: _____

Employee No.	Name	Hourly rate	Total hours worked	Overtime hours worked	Wages (\$)		National Insurance (\$)	Credit Union (\$)	Income Tax (\$)	Net Pay (\$)
					Regular	Overtime				

CARIBBEAN EXAMINATIONS COUNCIL**SECONDARY EDUCATION CERTIFICATE
EXAMINATION****PRINCIPLES OF ACCOUNTS****Paper 02 – General Proficiency**

Answer Sheet for Question 3 (c)

Candidate No: _____

Centre No: _____

(i)

(ii)

Transaction	Accounts Affected	Working	New Value
1.	Cash Medical tools	\$ 9 400 + \$2 000 \$29 800 – \$2 000	\$11 400 \$27 800
2.			
3.			
4.			
5.			
6.			

TEST CODE **01239032**

FORM TP 2008027

JANUARY 2008

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1½ hours

08 JANUARY 2008 (p.m.)

1. Answer ALL questions.
2. Answer the questions on the answer sheet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

01239032/JANUARY/F 2008

CASE

Two sisters, Joan and Yasmin are in business together. They are both well-trained and skilled hairdressers. They offer services to both male and female clients. In addition to hair services, they also offer services for the hands (manicure), feet (pedicure), and face (facial). They have posted the following price list in an advertisement in the daily newspaper.

	\$
Braiding	140
Wash and set	50
Process and style	100
Hair cuts	30
Manicure	35
Pedicure	35
Facial	40

10 per cent discount offered on Braiding and Facials during the month of March.

1. Identify the type of business organization to which Joan and Yasmin's Beauty Salon belongs. (1 mark)
2. State the class of account into which advertising falls. (1 mark)
3. Suggest ONE reason why Joan and Yasmin may have offered 10 per cent cash discount on some services. (1 mark)

During the month of March 2007, the following cash transactions took place.

Service	Number of clients
Braiding	30
Wash and set	150
Process and style	100
Hair cuts	170
Manicure	140
Pedicure	100
Facial	40

4. Identify the class of accounts into which the services offered by the beauty salon falls. (1 mark)
5. Calculate the earnings made on EACH of the services offered during the month of March. (9 marks)
6. Name ONE day book, other than the cash book, which you would recommend for use by the business. (1 mark)
7. Name ONE ledger, other than the cash book, which you would recommend for use by the business. (1 mark)

GO ON TO THE NEXT PAGE

In addition to the advertising cost of \$700, the following expenses were incurred by the business during the month.

Rent	\$1 000
Electricity	800
Wages	2 600
Purchase of supplies	3 500

All payments were made by cheque. There were opening balances of \$12 000 in the bank and \$350 cash in hand on March 1, 2007. All cash, EXCEPT \$500, is deposited in the bank at the end of the month.

8. Prepare a three column Cash Book for Joan and Yasmin's Beauty Salon for the month of March 2007. (10 marks)
9. Total and balance the Cash Book. (2 marks)
10. State ONE reason why Joan and Yasmin did NOT deposit all of the cash in the bank at the end of the month. (1 mark)
11. Explain how the discount offered on braiding and facials will be treated in Joan and Yasmin's Profit and Loss Account. (1 mark)
12. Prepare the Profit and Loss Account of Joan and Yasmin's Beauty Salon for the month of March 2007. (8 marks)

Joan and Yasmin received a statement from their bank on March 31, 2007, the same day the deposit was made. The balance on the bank statement did not agree with the cash book balance.

13. State THREE reasons why the bank statement balance might NOT agree with the business' cash book balance. (3 marks)

Total 40 marks

END OF TEST

CARIBBEAN EXAMINATIONS COUNCIL**SECONDARY EDUCATION CERTIFICATE
EXAMINATION****PRINCIPLES OF ACCOUNTS****Paper 02 – General Proficiency***3 hours***19 MAY 2008 (a.m.)**

1. Answer **ALL** the questions in Section I and **TWO** questions from Section II.
2. Begin **EACH** answer on a separate page.
3. Keep **ALL** parts of **EACH** answer together.
4. Silent electronic calculators may be used, but **ALL** necessary working should be clearly shown.
5. **EACH** question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

SECTION I

Answer the **THREE** questions in this section.

1. The following balances remained on the Trial Balance of Alvin Preston, a wholesaler, **AFTER** the preparation of the Trading Account on December 31, 2007:

	Debit \$	Credit \$
Gross profit		19 500
Accumulated depreciation on motor vehicles		7 500
Capital (January 1, 2007)		4 200
Creditors		5 000
Cash at bank	100	
Debtors	8 350	
Drawings	5 500	
Office expenses	6 300	
Provision for bad debts		300
Rates	750	
Closing inventory (Stock)	3 000	
Motor vehicles at cost	12 500	
	<hr/>	<hr/>
	36 500	36 500
	<hr/>	<hr/>

Additional notes:

- Debtors included a certain bad debt of \$250.
 - The Provision for bad debts is to be increased to \$400.
 - No entry had been made in the books of account for a cheque received from a debtor on December 31, 2007 made payable to Preston for \$200.
 - At December 31, 2007 Preston owed \$150 for Insurance.
 - Rates prepaid at December 31, 2007 amounted to \$50.
 - Preston uses the reducing balance method of depreciation on motor vehicles at a rate of 30% per annum. There were no purchases or sales of motor vehicles during the year.
- (a) Prepare Alvin Preston's Profit and Loss Account for the year ended December 31, 2007.
(8 marks)
- (b) Prepare Alvin Preston's classified Balance Sheet in vertical style, as at December 31, 2007.
(12 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. The following cash transactions were made by A. Khan for the month of March:

March 1	Overdraw balance at bank \$700. Cash balance \$300.
March 2	Cash sales amounted to \$550. Paid T. Ali by cheque amount owing of \$700 less 5% cash discount.
March 5	Paid sundry expenses of \$120 by cash.
March 8	Received cheque for \$1 800 from P. Shivers after he had deducted 3% cash discount to which he was entitled. Cashed cheque of \$1 000 for office use.
March 12	Received a cheque for \$680 from S. Thompson in full settlement for goods sold valued at \$700.
March 16	Cash sales amounted to \$400. Wages of \$800 paid by cash.
March 20	Cash of \$1 000 paid into the bank.
March 27	Cheque of \$500 drawn for personal use.

- (a) Write up the Three Column Cash Book of A. Khan. Balance the cash book and bring down the balances. (14 marks)

- (b) On April 2, 2007, A. Khan received a bank statement from his bank for the month of March which showed an overdrawn balance of \$1 405. On careful examination, the following discrepancies were found:

1. The bank had charges of \$20 which were not recorded in the Cash Book.
2. The cheque of \$1 800 received from P. Shivers on March 8 had been dishonoured.
3. Standing orders for insurance premiums of \$700 had been paid by the bank. This had not been recorded in the cash book.
4. The cheque for \$500 drawn for personal use on March 27 was not among the cancelled cheques returned by the bank with the statement. There was also no record of it on the bank statement.

- (i) Update Khan's Cash Book, starting with the closing bank balance in his cash book from (a) above. (4 marks)

- (ii) Prepare Khan's Bank Reconciliation Statement as at March 31, 2008. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. Smith and Wheaton, separate sole traders, agreed to close their individual businesses and form a partnership. They named the business Smith & Wheaton Ltd. It was located on Wheaton's premises, using his assets.

Wheaton brought to the new business the following assets:

	\$
Cash	10 000
Fixtures	15 000
Equipment	25 000
Land and buildings	40 000

Smith sold his assets and brought to the new business cash of \$100 000.

- (a) Prepare opening journal entries to show the capitals of the partners on January 1, 2007.
(7 marks)
- (b) After a successful year of trading, the partnership made a net profit of \$75 000. The partnership agreement provides for the following:
1. Interest on drawings is to be charged at the rate of 3% per annum.
 2. Interest on capital is to be paid at the rate of 5% per annum.
 3. A salary of \$3 000 monthly is to be paid to Wheaton.
 4. Profits or losses are to be shared equally.

Wheaton withdrew \$6 000 on March 1, 2007 and Smith withdrew \$7 000 on September 1, 2007.

- (i) Prepare the partners' Profit and Loss Appropriation Account for the year ended December 31, 2007.
(8 marks)
- (ii) Prepare the partners' Current Accounts as at December 31, 2007.
(5 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. The financial year of L. McLeod ended March 31, 2008. The data below provides information on general expenses, insurance, rent revenue and commissions revenue.
- (1) **General expenses:** Amount owing at April 1, 2007 was \$35. Amount paid during the year was \$1 500. Amount owing at March 31, 2008 was \$47.
 - (2) **Insurance:** Amount prepaid at April 1, 2007 was \$200. Amount paid during the year was \$3 200. Amount prepaid at March 31, 2008 (included in the \$3 200) was \$240.
 - (3) **Rent revenue:** Amount received in advance at April 1, 2007 was \$300. Further rent received during the year was \$1 200. Rent received in advance at March 31, 2008 (included in the \$1 200) was \$250.
 - (4) **Commissions revenue:** Amount owing at April 1, 2007 was \$700. Commissions received during the year was \$3 500. Commissions revenue owing at March 31, 2008 was \$800.

Required:

- (a) Use journal entries **OR** ledger accounts to record the information above showing clearly the amounts which will be transferred to the Profit and Loss Account (Income Statement). **Narrations are not required for journal entries.**
(19 marks)
- (b) Identify the Balance Sheet item under which commissions revenue owing at March 31, 2008 in (4) above, will appear.
(1 mark)

Total 20 marks

5. T. Terrelounge Manufacturing had the following balances as at April 30, 2008.

	\$
Inventory (Stock) at May 1, 2007	
Raw material	36 520
Work in progress	45 920
Finished goods	36 200
Purchases: Raw material	130 720
Finished goods	50 600
Carriage inwards: Raw material	3 600
Carriage outwards: Finished goods	2 400
Direct labour	134 600
Office salaries	34 800
Utilities	15 000
Depreciation – factory equipment	15 800
Depreciation – office equipment	5 400
Rent	29 000
Sales	500 000
Inventory (Stock) at April 30, 2008	
Raw material	39 000
Work in progress	33 800
Finished goods	47 000

Overheads are to be apportioned as follows:

Utilities:	factory 70%; office 30%
Rent:	factory 50%; office 50%

- (a) Prepare the Manufacturing, Trading and Profit and Loss Account of T. Terrelounge Manufacturing for the year ended April 30, 2008. Costs must be clearly identified. (18 marks)
- (b) Calculate the unit cost of items produced, if 25 000 units were produced during the period. (Show workings). (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. The following information is a summary of K. Ramish's bank account for the year ended December 31, 2007.

Cash Book Summary

	\$		\$
Balance b/f	917	Payments to creditors	59 556
Cash sales	58 296	Salaries	9 335
Receipts from debtors	28 567	Rent	2 759
		Rates	875
		General expenses	5 691
		New equipment	3 500
		Drawings	3 780
		Balance c/f	2 284
	<u>87 780</u>		<u>87 780</u>

Additional information:

	December 31, 2006	December 31, 2007
	\$	\$
Equipment	15 750	?
Inventory (Stock)	7 560	8 613
Debtors	5 698	6 510
Creditors	3 010	3 234
Rates paid in advance	—	175
Rent accrued	—	875
General expenses accrued	420	—

Depreciation on equipment is to be provided at the rate of 10% per annum on the straight line method.

- (a) Prepare K. Ramish's opening Statement of Affairs. (5 marks)
- (b) Prepare accounts or statements to show credit purchases and credit sales. (6 marks)
- (c) Prepare K. Ramish's Trading and Profit and Loss Account for the year ended December 31, 2007. (9 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. The L B B Ltd issued 40 000 ordinary shares at \$3 each, 20 000 8% preference shares at \$10 each and \$150 000 12% debentures. These were all subscribed and fully paid up on March 15, 2007.

- (a) Prepare an opening classified Balance Sheet for the L B B Ltd as at March 15, 2007. (Show your workings for cash or bank amount). (7 marks)
- (b) A summary of the financial statements for S. Christie Ltd is presented below.

S. Christie Ltd
Trading and Profit and Loss Account
For year ended April 30, 2008

	\$	\$
Sales		35 000
Opening inventory	2 500	
Add purchases	<u>26 750</u>	
	29 250	
Less closing inventory	<u>3 000</u>	<u>26 250</u>
Gross profit		8 750
Expenses		<u>3 550</u>
Net profit		<u><u>5 200</u></u>

S. Christie Ltd
Balance Sheet as at April 30, 2008

	\$	\$
Fixed Assets		525
Current Assets		
Inventory	3 000	
Debtors	3 450	
Bank	<u>1 000</u>	
	7 450	
Current Liabilities		
Creditors	<u>275</u>	<u>7 175</u>
		<u>7 700</u>
Capital		5 000
Add net profit		<u>5 200</u>
		10 200
Less drawings		<u>2 500</u>
		<u><u>7 700</u></u>

GO ON TO THE NEXT PAGE

- (i) Use the above financial statements for S. Christie Ltd to calculate the following profitability and financial ratios: **(Show workings)**.
- Gross profit margin
 - Net profit margin
 - Return on capital invested
 - Current ratio
 - Acid test (Quick) ratio
 - Stock turnover (11 marks)
- (ii) Explain briefly what EACH of the following indicates about a business:
- A "good" current ratio (1 mark)
 - A "bad" acid test ratio. (1 mark)

Total 20 marks

END OF TEST

CARIBBEAN EXAMINATIONS COUNCIL**SECONDARY EDUCATION CERTIFICATE
EXAMINATION****PRINCIPLES OF ACCOUNTS****Paper 03/2 – General Proficiency***1 $\frac{1}{2}$ hours***19 MAY 2008 (p.m.)**

1. Answer ALL questions.
2. Answer the questions on the Answer Booklet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

INSTRUCTIONS: This paper consists of a case study and FIFTEEN questions. Candidates must answer all FIFTEEN questions.

CASE STUDY

PART A

The Form 3 students of the St. Paul's High School took over the operations of the school's cafeteria on September 1, 2006. They acquired the following assets and liabilities:

Items	\$
Equipment	12 000
Inventory (Stock)	2 800
Accounts payable	1 650
Fixtures & fittings	4 500
Petty cash	400
Bank overdraft	2 250

1. Calculate the opening capital. (1 mark)
2. Prepare a classified Balance Sheet for the St. Paul's High School Cafeteria, using the vertical style. (6 marks)

PART B

In order to increase the capital, each of the 25 students purchased one share in the business. Each share had a value of \$20.

3. Calculate the amount of additional capital invested. (1 mark)
4. Identify the type of business formed by the students. (1 mark)

PART C

On August 31, 2007, various students collected information and presented their reports to the class.

PART D

Student A reports:

The following are cash transactions for the year to August 31, 2007.

- \$2 500 was made in cash sales.
- \$1 200 was used to pay the wages of two full-time employees.
- \$700 was paid for carriage of the goods purchased.
- \$400 was paid to suppliers of raw materials.

5. Prepare the Cash Account for the year to August 31, 2007. (6 marks)

GO ON TO THE NEXT PAGE

PART E**Student B reports:**

Bank Account
For the year to August 31, 2007

	\$		\$
Capital introduced	500	Balance b/d	2 250
Sales	91 000	Purchases	70 000
		Electricity	12 400
		Creditors	1 650
		Sundry expenses	210
		Refrigerator (Equipment)	3 600
		Balance c/d	1 390
	<u>91 500</u>		<u>91 500</u>

PART F**Student C reports:**

- Equipment and fixtures and fittings are to be depreciated at the rate of 10% per annum using the straight line method.
 - Inventory at the end of the period is \$2 300.
6. Using the reports provided by students A, B and C, as well as the relevant information from the opening balances, prepare the Income Statement (Trading and Profit and Loss Account) for St. Paul's High School Cafeteria for the period ending August 31, 2007. (12 marks)
7. Calculate the following ratios, showing formulae used and workings:
- (i) Gross profit margin
 - (ii) Stock turnover ratio (3 marks)
8. Identify ONE method of stock valuation that Student C can use to arrive at ending stock. (1 mark)

GO ON TO THE NEXT PAGE

PART G

Student D rushes in late with the following information:

Current assets and liabilities are as follows:

	\$
Inventory (Stock)	2 300
Bank	1 390
Cash	600
Accruals	75
Prepayments	1 400
Creditors	1 650

9. Using the above report from Student D, calculate the working capital of the business. (Show workings). (3 marks)

At a meeting of student-owners on September 1, 2007, students who are NOT in the Principles of Accounts class asked certain questions. Provide suitable SHORT answers to the following questions.

10. How was the Net Profit calculated? (1 mark)
11. In which financial statement, other than the Trading Account, would ending stock appear? (1 mark)
12. Why is the electricity expense so much more than the other expenses? (1 mark)
13. What does the gross profit margin indicate about a business? (1 mark)
14. What does the stock turnover ratio indicate about a business? (1 mark)
15. What is meant by 'a good working capital ratio'? (1 mark)

Total 40 marks

END OF TEST



TEST CODE **01239020**

FORM TP 2009023

JANUARY 2009

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

08 JANUARY 2009 (a.m.)

1. Answer **ALL** the questions in Section I and **TWO** questions from Section II.
2. Begin **EACH** answer on a separate page.
3. Keep **ALL** parts of **EACH** answer together.
4. Silent electronic calculators may be used, but **ALL** necessary working should be clearly shown.
5. **EACH** question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

SECTION I

Answer the THREE questions in this section.

1. The following information has been extracted from the books of Allert and Wildman who have been in partnership as manufacturers for several years.

Partners' Capital Account at January 1, 2008:

	\$
Allert	120 000
Wildman	80 000

Partners' Current Account at January 1, 2008:

	\$
Allert	5 000
Wildman	(300)

Partners' Drawings for the year ended December 31, 2008:

	\$
Allert	7 000
Wildman	4 800

Net profit for the year ended December 31, 2008: \$72 500

The partnership agreement between Allert and Wildman provides for the following:

1. Partners are to receive interest at the rate of 10 % per annum on their opening capital account balances.
2. Interest at a rate of 5 % per annum is to be paid on partners' drawings during the year.
3. Wildman is to receive a partnership salary of \$1 000 per month.
4. The balance of the net profit or loss is to be shared between partners in proportion to their capital accounts' balances.

Required:

- (a) Prepare the partnership Profit and Loss Appropriation Account for the year ended December 31, 2008. (8 marks)
- (b) Prepare the Current Accounts for the partnership as at December 31, 2008. (10 marks)
- (c) State ONE disadvantage of being a general partner in a partnership. (1 mark)
- (d) Calculate the amount of the net profit due to EACH partner based on the principles of the Partnership Act of 1890. (1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) State whether the following statements about accounting are True (T) or False (F).
- (i) Accounting records business activities that cause changes in money value.
 - (ii) Accounting reports are useful for good decision-making.
 - (iii) Government tax agencies use accounting information to compute taxes.
 - (iv) Accounting can ensure that profits are made.
 - (v) Business qualities such as reliability and good service can be accounted for.
- (5 marks)**

- (b) At the end of November 2007, Rennie Joseph used the General Journal to make entries for the following transactions.

- 1. Recorded \$200 as provision for depreciation on blenders for the month.
- 2. Recorded \$150 as prepaid electricity expense.
- 3. Recorded \$210 as commissions earned but not yet received.
- 4. Recorded \$1 005 as a bad debt on the account of Meera Taylor.
- 5. Sold an ice crusher for \$430 to Walter Xavier who paid Joseph by cheque.

- (i) Indicate which of the above transactions would normally be entered in another book of original entry.
- (1 mark)**

- (ii) Prepare the General Journal of Rennie Joseph as at November 30, 2007.
- (10 marks)**

- (c) Over the next six months, Rennie Joseph incurred the following payments by debit card:

		\$
December 1, 2007	Rates prepaid brought forward	200
January 1, 2008	Quarter year's rates paid by cheque	600
March 31, 2008	Half year's rates paid	1 200

Prepare the Rates Account in the books of Rennie Joseph for the six-month period ending May 31, 2008, showing the amount to be transferred to the Profit and Loss Account.

(4 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. L. Marcus is a grocer who has not kept proper books of accounts. His accountant has found the following details of transactions for the business for the year ended December 31, 2008.

1. All sales were made on a credit sales basis. His cash book shows that \$75 000 was received from persons to whom goods have been sold.
2. The amount paid to suppliers during the year was \$53 000.
3. His bank account showed the following expenses paid by cheque: Rent \$5 000; general expenses \$4 800; and wages \$10 500.
4. The only fixed asset of the business was office furniture valued on January 1, 2008 at \$2 500. This is to be depreciated at 10% per annum.
5. Other information available:

	January 1, 2008	December 31, 2008
	\$	\$
Debtors	1 500	1 900
Creditors for goods	2 400	6 500
Inventories	9 855	11 249
Rent prepaid	—	1 250
Bank	12 500	6 500
Cash	600	30

Required:

- (a) Prepare L. Marcus' Statement of Affairs as at January 1, 2008. (6 marks)
- (b) Calculate by means of statements or accounts:
 - (i) Purchases for the year
 - (ii) Sales for the year (6 marks)
- (c) Prepare L. Marcus' Trading and Profit and Loss Account for the year ended December 31, 2008. (8 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. Lipset Enterprise is a manufacturer of concrete garden benches. For the year ending June 30, 2008, the enterprise produced 1 000 benches. The following information relates to the manufacturing operations for the period:

	\$
Inventory at May 1, 2007:	
Raw material	4 000
Work in progress	10 000
Inventory at June 30, 2008:	
Raw material	3 200
Work in progress	3 400
Purchases of raw material	150 000
Returns outwards	3 500
Carriage on raw material	5 000
Factory wages	80 000
Salary of factory manager	35 000
Direct expenses	10 000
Factory power	8 400
General factory expenses	12 000
Annual depreciation on plant and machinery	50 000
Administrative and selling expenses	48 000

Required:

- (a) Prepare Lipset Enterprise's Manufacturing Account for the year ended June 30, 2008. Show clearly:
- Cost of material available for use
 - Cost of material consumed
 - Prime cost
 - Factory overheads
 - Cost of production (14 marks)
- (b) Calculate the production cost per bench. (2 marks)
- (c) Calculate the total revenue earned from the sale of the benches, assuming Lipset Enterprise sells all the benches at \$500 EACH. (1 mark)
- (d) Calculate the profit made by Lipset Enterprise for the period. (3 marks)

Show all your workings.

Total 20 marks

GO ON TO THE NEXT PAGE

5. The treasurer of the St. Dominic's Cricket Club prepared the following Receipts and Payments Account for June 30, 2008.

Receipts	\$	Payments	\$
Balance: July 1, 2007	720	Wages to bar attendant	3 000
Rent of club house	2 000	Wages to groundsmen	12 200
Bar takings	13 200	Utilities	2 200
Subscriptions	25 000	Payment to creditors	7 300
		Purchase of new lawn mower	15 000

Additional information:

	July 1, 2007	June 30, 2008
	\$	\$
Bar inventory	2 300	1 800
Subscriptions owing	300	500
Subscriptions in advance	—	800
Bar creditors	1 800	2 700
Fixed assets at cost	70 000	?

Depreciation on fixed assets is to be written off at the rate of 10 % per annum on cost.

Required:

- (a) Copy the Receipts and Payments Account and balance it. (3 marks)
- (b) Prepare the following for the St. Dominic's Cricket Club.
 - (i) A Bar Trading Account (6 marks)
 - (ii) A Subscriptions Account (5 marks)
- (c) Prepare an Income and Expenditure Account for the St. Dominic's Cricket Club, for the year ended June 30, 2008. (6 marks)

Total 20 marks

6. The following balances and other information were taken from the books of Serve-Me-Well Ltd. on November 30, 2008 AFTER the Trading and Profit and Loss Accounts had been prepared:

Authorized Share Capital

260 000 ordinary shares at \$1 each

70 000 preference shares of 7 % at \$2 each

	Debit \$	Credit \$
Ordinary share capital – fully paid		200 000
7 % Preference share capital – fully paid		120 000
General reserve		40 000
Utilities owing		5 000
Bank		12 000
Debtors and creditors	40 000	25 000
Premises at cost	320 000	
Net profit for year ended November 30, 2008		150 000
Machinery and plant at cost	180 000	
Provision for depreciation on machinery and plant		36 000
Inventory	45 000	
Insurance prepaid	3 000	
	588 000	588 000

The directors of Serve-Me-Well Ltd. have recommended the following:

1. A transfer of \$20 000 to general reserve
2. An ordinary dividend of 30 %
3. The payment of the year's preference dividend

Required:

- (a) Prepare the Profit and Loss Appropriation Account for Serve-Me-Well Ltd. for the year ended November 30, 2008. (5 marks)
- (b) Prepare a Classified Balance Sheet in vertical style for Serve-me-Well Ltd, as at November 30, 2008. (13 marks)
- (c) (i) State what a negative working capital indicates about the financial position of a business. (1 mark)
- (ii) Identify ONE method, other than issuing shares, which Serve-Me-Well could have used to finance the business. (1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

7. The factory workers at Garmex Ltd. are paid \$30 an hour, Monday to Friday, and time and a half on weekends. The time card below shows the number of hours worked by each of the four employees.

**Garmex Ltd.
Time Card**

Employees	Sun	Mon	Tue	Wed	Thu	Fri	Sat
A. Smith	4	8	–	8	7	–	–
P. Persaud	4	8	8	8	7	7	3
T. Roberts	5	6	6	6	7	7	3
L. Martin	4	7	7	7	8	7	4

Deductions include:

National insurance: 5% of gross pay

Contribution to pension fund: 2.5 % of gross pay

Income tax: 15 % of pay after deducting national insurance and pension fund contributions

Required:

- (a) **On the answer sheet provided**, prepare the payroll for the four employees.
(15 marks)
- (b) Write brief definitions for EACH the following:
- (i) Time clock card
 - (ii) Gross pay
 - (iii) “Take home pay”
 - (iv) Bonus
 - (v) Voluntary deductions
- (5 marks)

Total 20 marks

END OF TEST

**CARIBBEAN EXAMINATIONS COUNCIL
HEADQUARTERS**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Question No. 7 (a)

Centre Number:

Candidate's Number:

**Garmex Ltd.
Payroll**

	A. Smith \$	P. Persaud \$	T. Roberts \$	L. Martin \$
Gross Pay				
National Insurance				
Pension Fund				
Income Tax				
Total Deductions				
Net Pay				

TO BE ATTACHED TO YOUR ANSWER BOOKLET

TEST CODE **01239032**

FORM TP 2009024

JANUARY 2009

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1 $\frac{1}{2}$ hours

08 JANUARY 2009 (p.m.)

1. Answer ALL questions.
2. Write your answers in the answer booklet provided and return it at the end of the examination.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

INSTRUCTIONS: This paper consists of a case study and **FOURTEEN** questions. Read the following case study and answer the questions that follow.

CASE STUDY

Mrs. Vilma Fullerton is a retired motor vehicle sales clerk of King Street, St. Mary. She operates a vehicle service centre which provides services for the following types of vehicles: SUVs, cars, vans and mini buses.

The table below shows the types of services provided and the cost of each service.

Service	Cost (\$)
Engine wash	30
Under wash	35
Body wash	15
Interior cleaning	10
Polishing	20

For each vehicle receiving an engine wash, the owner is required to purchase a gunk remover, at a cost of \$17.95, from the service station. During the month of March, the business provided the following services in the quantities indicated:

240	engine washes
200	under washes
500	body washes
360	interior cleanings
150	polishings

All transactions were done on a cash basis.

1. Identify the type of business organization that is operated by Mrs. Fullerton. (1 mark)
2. Calculate the total revenue earned during the month. (Show all your working.) (6 marks)
3. Identify the book of 'Original Entry' into which Mrs. Fullerton would record the receipts from services provided. (1 mark)

During the first year of operation, Mrs. Fullerton bought assets and paid expenses as follows:

	\$	
Hydraulic jack	45 000	
2 high-performance vacuum cleaners	26 000	(total)
Wages (3 attendants)	1 200	(each per month)
Rent	1 500	(per month)
Water rates	3 250	(per month)
Electricity	210	(per month)
3 power hoses	6 000	(total)

Mrs. Fullerton provided for depreciation at a rate of 10 % on cost per annum on all fixed assets.

GO ON TO THE NEXT PAGE

4. Distinguish between capital expenditure and revenue expenditure. (2 marks)
5. From the list of assets and expenses on page 2, identify ONE capital expenditure and ONE revenue expenditure. (2 marks)
6. Calculate Mrs. Fullerton's total annual expenses. (7 marks)
7. Identify ONE expense, other than those given, that the business may incur. (1 mark)

Mrs. Fullerton sells vehicle accessories. Inventory was valued at \$27 500 at the beginning of the year and \$32 000 at the end of the year. During the year, she made sales of \$75 000 and purchases of \$57 000.

8. Using the information above, prepare Mrs. Fullerton's Trading Account. (5 marks)
9. (a) Calculate Mrs. Fullerton's gross profit percentage.
(b) Given that the industry has an average gross profit percentage of 20 %, comment on Mrs. Fullerton's business performance. (2 marks)

Mrs. Fullerton's friend, Mr. Hunt, outlined to her, the importance of having adequate working capital in the business. He noted also that the "Current Ratio and Quick Ratio" were good methods for determining the liquidity of businesses. An extract from Mrs. Fullerton's Balance Sheet showed the following:

Current Assets	\$	Current Liabilities	\$
Inventory	32 000	Creditors	53 000
Debtors	64 000	Accruals	500
Prepayments	1 200		
Bank	50 000		
Cash	2 500		

10. Define 'working capital'. (1 mark)
11. State the importance of having adequate working capital. (1 mark)
12. Calculate the working capital of Mrs. Fullerton's business. (3 marks)
13. Calculate the "Current Ratio and Quick Ratio" of Mrs. Fullerton's business. (4 marks)
14. Using the results from Question 13 above, comment on EACH of Mrs. Fullerton's liquidity ratios. (4 marks)

Total 40 marks

END OF TEST

TEST CODE **01239020**

FORM TP 2009106

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

18 MAY 2009 (a.m.)

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

01239020/F 2009

SECTION I

Answer the **THREE** questions in this section.

1. JD Ponting started a business selling computer storage devices. He provides the following list of transactions which occurred during January 2008.

January 1	Deposited \$5 000 of personal savings in the bank.
1	Deposited \$4 500 of a \$5 000 credit union loan in the same account. The balance was kept for the office. The loan required a payment of 1% interest at the end of each month for the next three years.
2	Bought office desk and safe for \$800, paying by cheque.
3	Paid \$1 500 for rent for January by cheque.
5	Bought supplies for sale at a cost of \$6 000 on credit from Technol Suppliers.
10	Cashed a cheque of \$900 for office use.
12	Bought a second-hand van for \$2 400, paid by cheque and spent a further \$1 300 in repairs on the van. The mechanic accepted a cheque for the amount.
14	Credit sales to Carter Business Solutions amounted to \$5 700. The terms agreed on were net 10% 10 days.
19	Miscellaneous business expenses of \$550 were paid in cash.
22	Issued to Technol Suppliers a cheque for \$5 600 in full payment of goods received on January 5.
24	Cash sales amounted to \$4 900 of which \$3 200 was banked.
26	Received a cheque in full settlement from Carter Business Solutions.
31	Drew \$1 500 in cash for personal use. Paid the interest due on credit union loan in cash.
31	JD Ponting's closing stock totalled \$360. The sales assistant has not yet been paid wages of \$300.

From the information provided:

- (a) Prepare JD Ponting's 3-column Cash Book for the month of January 2008.
(11 marks)
- (b) Prepare JD Ponting's Trading and Profit and Loss Account for the month of January 2008.
(9 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. Stephen Peterson, an accounting student, prepared his father's final accounts. The following errors were discovered by the accounting technician who examined the accounts.
1. The sale of goods \$2 500 on credit to K Martin had been entered in K Marteen's Account.
 2. The purchase of goods for \$1 575 cash was completely omitted from the books.
 3. The purchase of a motor car for \$5 000 had been entered in the Motor Expenses Account.
 4. Discounts Allowed of \$400 had been entered in error on the debit side of the Discounts Received Account.
 5. The wages account was undercast by \$430.
 6. A receipt of cash from J Slows for \$100 had been entered on the credit side of the Cash Book and the debit side of J Slows' Account.
- (a) Prepare the journal entries necessary to correct the above errors.
(N.B. Narratives are required.) (13 marks)
- (b) The Income Statement prepared by Stephen Peterson showed Net Income of \$24 521. Prepare a statement showing the corrected Net Income for the business. (7 marks)

Total 20 marks

3. On January 1, 2009, Akil Rampaul's Balance Sheet was as follows:

ASSETS	\$	LIABILITIES	\$
Plant and Machinery at net book value	20 400	Accrued Wages	940
Accounts Receivable	7 817	Accounts Payable	5 340
Cash	1 183	Capital	35 000
Furniture and fittings	10 840	Bank overdraft	4 120
Inventory	5 000		
Prepaid Insurance	160		
	45 400		45 400

During the first week, Rampaul recorded the following transactions:

1. Sold machinery with net book value of \$2 000 for \$1 200 cash and bought new machinery for \$6 900, paying by cheque.
2. Collected \$1 102 in cash from debtors.
3. The inventory was revalued to \$4 300.
4. Insurance of \$20, for one week was used up.
5. Creditors were paid \$3 340 by cheque.
6. The outstanding wages were paid in cash.
7. Received a cheque for \$13 000 from his brother, Asa, as loan to be repaid in two years.

Prepare for Akil Rampaul, a revised Balance Sheet as at February 7, 2009 to show the effects of the first week's transactions.

N.B. Your Balance Sheet must be classified and in vertical style and all workings must be clearly shown. (20 marks)

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. On February 28, 2009, Parkinson extracts the following information from his ledger:

Accounts	\$
Sales	34 540
Purchases	18 360
Inventory March 1, 2008	1 750
Inventory February 28, 2009	2 130

- (a) Prepare the General Journal entries to close the following accounts to Parkinson's appropriate final account.

- (i) Sales Account
- (ii) Purchases Account
- (iii) Inventory Account at March 1, 2008
- (iv) Inventory Account at February 28, 2009

(6 marks)

- (b) Parkinson provides the following additional information:

Date	Transaction	\$
	Wages paid by cheque	12 530
	Insurance paid by cheque	1 420
	Commissions received by cheque	1 600
	Advertising paid by cheque	450
March 1, 2008	Accrued Wages	2 030
	Prepaid Insurance	450
	Commissions Receivable	280
	Prepaid Advertising	110
February 28, 2009	Accrued Wages	1 990
	Prepaid Insurance	310
	Commissions Receivable	390
	Advertising owing	70

From the information provided, prepare the following T-accounts showing clearly the amount to be shown in the Profit and Loss Account.

- (i) Wages Expense Account
- (ii) Insurance Expense Account
- (iii) Commissions Revenue Account
- (iv) Advertising Expense Account

(13 marks)

- (c) State the concept that is used to adjust expense and revenue accounts at the end of an accounting period.

(1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

5. The following Trial Balance was extracted from the books of U L Dealers Company Limited as at April 30, 2008 after completion of the Trading Account.

	\$	\$
Gross Profit		146 450
Closing Stock	58 500	
Land	98 000	
Buildings	75 000	
Motor Vehicles	60 000	
Wages	16 000	
Provision for Bad Debts		920
Motor vehicle Expenses	10 500	
Discounts Allowed	4 300	
Debtors	29 500	
Provision for depreciation:		
Buildings		25 000
Motor Vehicles		35 000
Issued Share Capital:		
50 000 Ordinary shares at \$2 each		100 000
45 000 6% Preference Shares at \$1 each		45 000
Rent Expense	12 000	
Carriage Outwards	700	
8% Debentures 2012		15 000
Sundry Expenses	2 870	
	<u>367 370</u>	<u>367 370</u>

Additional information:

- Rent has been prepaid by \$1 500.
 - The company maintains a provision for bad and doubtful debts of 5% of total debtors.
 - Depreciation is provided as follows:

Motor vehicles 10% per annum reducing balance
Buildings 5% per annum straight line
 - Debenture interest for the current year is unpaid.
- (a) Prepare the Profit and Loss Account for U L Dealers Company limited for the year ending April 30, 2008. **Use vertical format.** (9 marks)

GO ON TO THE NEXT PAGE

(b) UL Dealers Company Limited has provided the following information:

- Dividends are to be paid to the preference shareholders.
- \$30 000 is to be transferred to the general reserves.
- A dividend of \$0.75 is to be paid for every ordinary share held.

Using your Net Profile figure in (a) above, prepare the company's Appropriation Account. (4 marks)

(c) Prepare a Balance Sheet extract showing the Liabilities and Capital sections **only** for U L Dealers Company Limited as at April 30, 2008. (7 marks)

Total 20 marks

6. Lodenqui Mart and Buddai Mart both trade in ladies' and children's clothing. Their financial statements at December 31, 2008 show the following:

	Lodenqui Mart	Buddai Mart
	\$	\$
Fixed Assets	30 700	40 500
Current Assets		
Inventory	70 000	90 000
Debtors	35 000	42 000
Bank	4 300	
Cash	3 000	2 000
	<u>143 000</u>	<u>174 500</u>
Current Liabilities		
Creditors	33 000	78 400
Bank overdraft		30 000
Capital	84 300	33 800
Net profit	25 700	32 300
	<u>143 000</u>	<u>174 500</u>
Additional Information		
Opening Inventory	63 000	77 000
Total Sales	250 000	305 000
Total Purchases	80 000	150 000

- (a) Calculate the following ratios for both businesses:
- Current Ratio
 - Acid Test Ratio
 - Inventory (Stock) Turnover
 - Profit margin
- (10 marks)
- (b) Identify TWO ratios from the list in (a) above, that can be used to assess the profitability of the businesses. (2 marks)
- (c) Identify TWO ratios from the list in (a) above, that can be used to assess the ability of the businesses to pay their debts. (2 marks)
- (d) Identify ONE ratio from the list in (a) above, that **best** tests the liquidity of the businesses. (1 mark)
- (e) State which business is more profitable, using the appropriate ratio(s) to support your argument. (2 marks)
- (f) State which business is in a better financial position, using the appropriate ratio(s) to support your argument. (3 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. The Pig Farmers' Co-operative has a membership of 100 farmers. Each member has 15 000 shares at a price of \$1 per share. The balances on the books of the co-operative on September 30, 2008 were as follows:

	\$
Debtors	145 000
Inventory of feeding supplies	65 900
Net book value of equipment	200 000
Unpaid amounts:	
Mortgage interest	10 000
Rent	4 000
Telephone	350
Members dividend	105 000
Provision for bad debts	1 550
Long-term investments in other co-operatives	400 000
Interest on investments outstanding	8 000
Net book value of motor vehicles	130 500
Farm land and buildings	800 000
Mortgage	70 000
Cash	4 000
Bank	32 500
Creditors	65 000
General reserve	30 000

- (a) Prepare the classified Balance Sheet, **in vertical style**, of the Pig Farmers' Co-operative as at September 30, 2008. **(17 marks)**
- (b) (i) Identify the information that should be used to determine whether the co-operative is in a position to meet its current liabilities. **(1 mark)**
- (ii) Determine the rate at which dividend is paid, assuming that the dividend owing is for one year. **(2 marks)**

Total 20 marks

END OF TEST

TEST CODE **01239032**

FORM TP 2009107

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1 $\frac{1}{2}$ hours

18 MAY 2009 (p.m.)

1. Answer ALL questions.
2. Answer the questions in the answer booklet provided and return it.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2007 Caribbean Examinations Council ®.
All rights reserved.

01239032/F 2009

INSTRUCTIONS: This paper consists of a case study and TEN questions. Read the case and answer ALL the questions that follow.

CASE STUDY

Lovell Walker left school two years ago with a Grade I in CSEC Principles of Accounts. His cousin, Sandra Walker, owner of Ti Jean Mini Mart, wants him to help her manage her business which she has owned for the last 10 years. She began operations on January 1, 1999. She does not know much about keeping business accounts but is interested in learning.

1. Identify ONE revenue expenditure that the business will incur if Lovell becomes a manager. (1 mark)
2. Give ONE example of a capital expenditure that Sandra Walker might have undertaken when setting up her business. (1 mark)
3. On December 31, 2008, Lovell and Sandra took an inventory from which they drew up the following stock record. All prices are an average of actual prices.

Type of Good	Opening Inventory	Purchases	Sales
Fresh market goods	20 kgs @ \$3 per kg	2000 kgs @ \$5 per kg	1990 kgs
Dried market goods	13 kgs @ \$4 per kg	1450 kgs @ \$7 per kg	1403 kgs
Canned goods	17 cases @ \$26 per case	470 cases @ \$23 per case	464 cases
Toiletries	9 cases @ \$14 per case	121 cases @ \$16 per case	124 cases
Snacks and cereals	12 boxes @ \$12 per box	78 boxes @ \$11per box	85 boxes
Meats	5 kgs @ \$8 per kg	1109 kgs @ \$12 per kg	1109 kgs

Lovell suggests that they use the FIFO method to calculate the total value of closing inventory as at December 31, 2008.

On the answer sheet provided, calculate the closing inventory. (9 marks)

4. List ONE method of valuing inventory, other than FIFO. (1 mark)

GO ON TO THE NEXT PAGE

5. Sandra keeps information in books which she uses to find total amounts at the end of each year. She buys mostly on credit and has one main supplier for each type of good.

List ONE book of original entry and ONE ledger that Sandra can use to record transactions with her suppliers. (2 marks)

6. Sandra usually pays an accountant to prepare her Income Statement and Balance Sheet and a report on how the business performed. She wants Lovell to prepare them this year. She provides Lovell with the following list showing values for the last year of operation.

Accounts	December 31, 2008 \$
Accounts receivable	3 760
Accounts payable	9 422
Purchases	47 110
Sales	75 295
Returns of Purchases	205
Delivery van	18 000
Delivery van expenses	330
Discounts received	108
Drawings	6 000
Electricity bills	1 360
Telephone expense	2 110
Bank	15 670
5% year Bank Loan	10 000
Opening Inventory	860
Land and water rates	1 500
Concrete shed, shelves and fittings	30 000
Capital: Sandra Walker	31 670

Using the information provided, prepare the Trial Balance for the business as at December 31, 2008. (7 marks)

7. Sandra adds the following information.
- (i) Three months ago she took a community course in business management. She heard about things like depreciation and providing for bad debts.
 - (ii) The delivery van was bought on January 1, 2008 and will be used for five years before it is replaced. She will start providing for depreciation on the van in the current year.
 - (iii) The concrete shed, shelves and fittings are three years old but they should last a long time. Depreciation will be provided for these.
 - (iv) About one out of every ten persons who owe at the end of the year tends to become a bad debtor. Provision will be made for bad debts from this year.

GO ON TO THE NEXT PAGE

- (v) The land and water rates paid to Town Hall are \$1200 per year, and the interest on the bank loan has not been paid.

List ONE factor that Sandra should consider when determining the amount of depreciation that should be provided for every year. (1 mark)

8. Using the list of balances and the additional information provided, prepare the Trading and Profit and Loss Account for this business. (12 marks)
9. In his report for the year ended December 31, 2007, the accountant computed the following ratios:

Gross profit percentage	29.3%
Current ratio	1.9:1

Calculate the following ratios for the business for the year ended December 31, 2008 showing clearly the formulae used:

- (a) Gross profit percentage
- (b) Current ratio (4 marks)
10. Using the ratios provided and your computations, make TWO comments about the performance of the business in 2008. (2 marks)

Total 40 marks

END OF TEST

NOTE: CANDIDATES ARE TO BE PROVIDED WITH A JOURNAL PAGE AND A CASH BOOK PAGE.

**CARIBBEAN EXAMINATIONS COUNCIL
HEADQUARTERS**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

Question No. 3

Centre No:

Candidate No:

Type Of Good	Opening Inventory	Purchases	Sales	Balance		
				Units	Cost Price	Value
Fresh market goods	20 kgs @	2000 kgs @	1990 kgs			
Dried market goods	13 kgs @	1450 kgs @	1403 kgs			
Canned goods	17 cases @	470 cases @	464 cases			
Toiletries	9 cases @	121 cases @	124 cases			
Snacks and cereals	12 boxes @	78 boxes @	85 boxes			
Meats	5 kgs @	1109 kgs @	1109 kgs			
					TOTAL	

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2010023



TEST CODE **01239020**

JANUARY 2010

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

07 JANUARY 2010 (a.m.)

1. Answer ALL questions in Section I, and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary workings should be clearly shown.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2008 Caribbean Examinations Council ®.
All rights reserved.

01239020/JANUARY/F 2010

SECTION I

Answer all THREE questions in this section.

1. The following balances were taken from the books of Woodruffe Enterprise, a small proprietor, on April 30, 2009.

	\$
Motor vehicles	102 000
Bad debts	10 500
Return inwards	3 600
Commission received	6 600
Cash on hand	41 100
Return outwards	4 500
Purchases	174 000
Sales	360 000
Bank overdraft	45 000
Carriage inwards	8 400
Carriage outwards	8 700
Advertising expenses	10 000
Provision for bad debts	15 000
Debtors	75 000
Creditors	144 000
Equipment	140 000
Salaries	120 000
Long term loans	66 000
Opening stock	34 500
Miscellaneous expenses	54 000

- (a) Prepare the trial balance for Woodruffe Enterprise. **The amount for capital must be included.** (14 marks)
- (b) The following entries appeared in the Sales Day Book of Woodruffe Enterprise for the month of April.

Sales Day Book

Date	Details	Invoice number	Amount (\$)
April 1	V. Lucky	2691/7	2 000
April 5	M. Davis	2692/4	4 500
April 11	M. Davis	2694/6	7 200
April 29	V. Lucky	2695/2	6 450

Post the entries from the Sales Day Book into the appropriate ledgers. (6 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. The following is a list of transactions for Clouden, a sole trader.

2009

May 1	Balances brought forward, Cash \$2 530; Bank \$15 600.
May 3	Paid wages by cheque \$6 300.
May 5	Received a loan of \$10 000 by cheque from the Big Development Bank.
May 8	Cash Sales to T. Richards amounted to \$465.
May 10	Paid M. Duff account in full by cheque. The outstanding amount was \$5 000 before taking 5% cash discount.
May 13	Paid electricity by cash \$765.
May 17	The following paid their accounts: L. Joseph \$4 500 ; V. Thola \$2 560. Each deducted 5% cash discount and paid the difference by cheque.
May 22	Transferred \$500 from cash to bank.
May 26	Paid Quashie \$2 940 by cheque having deducted 2% cash discount.
May 29	Mr. Clouden bought a car for his personal use, at a cost of \$25 000 paying by cheque.
May 30	Received cash settlement of \$200 from Magna Insurance Company.

- (a) (i) Write up and balance Clouden's THREE column cash book. **(12 marks)**
- (ii) Indicate what the closing balance on the Bank Account signifies. **(1 mark)**
- (b) In June 2009, Mr. Clouden made the following credit purchases from three suppliers who each offered a 10% trade discount and a 3% cash discount if the account is paid within one month.

HARRIS & SONS LTD

June 5	6 bags of rice @ \$430 each 4 cases of milk @ \$265 each 6 bottles of oil @ \$15 each
--------	---

L. J. ENTERPRISES

June 11	2 bags salt @ \$60 each 3 bags onions @ \$120 each
---------	---

A. HARDEN

June 26	5 cases soda @ \$42 each 3 cases orange juice @ \$75 each 3 cases ketchup @ \$135 each
---------	--

- (i) Record the above invoices received by Mr. Clouden in the appropriate Day Book showing correct net amounts owed. **(6 marks)**
- (ii) If Mr. Clouden pays L. J. Enterprises within the month, what would be the amount of his cash discount? **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. The trial balance of Beck Hammond showed that the credit totals were greater than the debit totals by \$2 570. Mr. Hammond draws up his Profit and Loss Account which shows a Net Profit of \$15 750. He later discovers the following errors.

1. A purchase of furniture for \$1 500 cash had been debited to the Purchases Account.
 2. A payment of \$2 000 by cheque had been made by customer Ronal Dinho whose account was correctly credited but the amount was entered in the Bank Account as \$200.
 3. A discount allowed to Fergie Alexander of \$256 was debited to the Discount Allowed Account as \$236.
 4. Goods with a value of \$3 700 sold to Russell Smith had been debited to Dwight Smith's Account.
 5. A cheque for \$375 drawn on behalf of Terry Henry had been credited to his account.
- (a) (i) Draw up the Suspense Account and correct the errors that have caused the difference in Beck Hammond's Trial Balance. **(5 marks)**
- (ii) Draft the journal entries necessary to correct the errors which do not affect the Suspense Account. **(5 marks)**
- (iii) Draw up a statement to show the revised net profit. **(3 marks)**
- (b) Lara Bryan has a large number of debtors. She keeps a Control Account in her General Ledger. On March 31 2009, she extracts the following information.

2009		\$
March 1	Sales ledger debit balance	5 030
March 1	Sales ledger credit balance	620
	Credit sales for the month	54 010
	Cash and cheques received	47 100
	Bad debts written off	2 570
	Discounts allowed	490
	Returns inwards	1 240
	Dishonoured cheques	980
	Interest due on overdue accounts	180

- (i) Prepare the Debtors Control Account for March 2009. **(6 marks)**
- (ii) State ONE reason why Lara Bryan prepares a Control Account for debtors. **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. The Garrifruit Company started business in January, 2007 and made all sales on a credit basis. Being prudent, management decided to create a provision for bad debts of 2% of the year-end debtors. The debtors for the following three years were as follows:

December 31, 2007	\$25 000
December 31, 2008	\$27 500
December 31, 2009	\$22 500

- (a) Prepare the Provision for Bad Debts Account for the three years. (8 marks)
- (b) On examining the company's Rent Expense Account and the Commission Revenue Account for the year ending December 31, 2009 the following details were revealed:

<u>Rent Expense Account</u>		<u>Commission Revenue Account</u>	
Accrued rent December 31, 2008	\$2 500	Accrued commissions December 31, 2008	\$1 500
Rent paid by cheque:		Commissions received by cheque:	
May 31, 2009	\$6 000	January 31, 2009	\$7 000
November 30, 2009	\$9 500	June 30, 2009	\$7 000
Prepaid rent December 31, 2009	\$1 000	Accrued commission December 31, 2009	\$2 500

Using the above information prepare the following:

- (i) Rent Expense Account
- (ii) Commission Revenue Account.

Show clearly the amount to be transferred to the Income Statement. (10 marks)

- (c) Show the Classified Balance Sheet Extract at December 31, 2009 for the Prepaid Rent and Accrued Commission Revenue. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. The community of Swains Spring operates a Chess Club for its senior citizens. The following is the Receipts and Payments Account for the year ended August 31, 2009.

**Swains Spring Chess Club
Receipts and Payments Account
For year ended August 31, 2009**

Receipts	\$	Payments	\$
Bank balance	3 000	Rent of community centre	2 400
Subscriptions	6 000	Purchase of refreshments	1 900
Tea Party	5 300	Expenses of Tea Party	2 000
Gifts	500	General expenses	1 700
Sale of refreshments	2 650	Bank balance	9 450
	<u>17 450</u>		<u>17 450</u>

Additional information provided is as follows:

	September 1, 2008	August 31, 2009
	\$	\$
Stock of refreshments	500	700
Subscriptions due	220	440
Subscriptions in advance	100	—
Rent paid in advance	—	200
Chess equipment (cost)	8 000	8 000

Chess equipment is to be depreciated at the rate of 10 % per annum.

Prepare the following:

- (a) A statement showing the Accumulated Fund at September 1, 2008 (5 marks)
- (b) A Subscriptions Account (4 marks)
- (c) A statement showing the profit or loss made on refreshments (4 marks)
- (d) An Income and Expenditure Account for the year ended August 31, 2009 (7 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. (a) Define the following terms, giving ONE example of EACH.

(i) Statutory deductions

(ii) Voluntary deductions

(4 marks)

(b) Nalini Kalicharan's regular rate of pay is \$35 per hour for an eight-hour work day. Overtime is paid at a rate of time and a half for extra hours worked Monday to Friday. Double time is paid for hours worked on weekends and public holidays.

Below is Nalini's time card for the week ended April 15.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday Public Holiday	Saturday
1:00 p.m.- 4:00 p.m.	8:00 a.m.- 5:00 p.m.	8:00 a.m.- 4:00 p.m.	8:00 a.m.- 6:00 p.m.	8:00 a.m.- 4:00 p.m.	10:00 a.m.- 3:00 p.m.	12:00 p.m.- 4:00 p.m.

On the ANSWER SHEET provided, calculate Nalini's gross pay for the week.

(11 marks)

(c) Kevin Stuart earns a monthly gross salary of \$16 000.00. His monthly deductions are as follows.

National Insurance	—	2% of gross pay
Credit Union	—	\$1 000
Education Tax	—	1.5% of gross pay
Pension plan	—	\$500
Income Tax	—	20% after all other deductions

Calculate Kevin's monthly net pay. (Show your workings.)

(5 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) (i) Identify TWO essential features of co-operatives. (2 marks)
- (ii) State TWO similarities between co-operatives and corporations (Limited Liability Companies). (2 marks)
- (b) The Silver Quays Fishermen's Co-operative Society began operation on January 1, 2009 with 200 members. Each member purchased 50 shares for \$20 each.
- Prepare the journal entry to show the 'start up' of the co-operative. (4 marks)
- (c) The Brighton Teachers Credit Union's share capital stands at \$300 000. Shares were sold to the members at \$3 each. The credit union's Trading and Profit and Loss Account (Income Statement) for year ended June 30, 2009 showed a surplus of \$70 000. Undistributed surplus brought forward from June 2008 was \$55 000.
- The total available surplus is to be shared in the following manner:
1. 20% to be transferred to Teachers' Education Development Fund
 2. 5% to be given as charitable donation to the School for the Hearing Impaired
 3. 30% to be transferred to Loan Fund
 4. 25% to be paid out as dividends to members
- (i) Prepare the Credit Union's Appropriation of Profits Account, for the year ended June 30, 2009. (6 marks)
- (ii) Calculate the dividend that was paid on EACH share. (Show your workings.) (3 marks)
- (iii) Calculate the Return on Capital Employed. (Show your workings.) (3 marks)

Total 20 marks

END OF TEST

TEST CODE **01239020**

FORM TP 2010023

JANUARY 2010

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

SECONDARY EDUCATION CERTIFICATE

EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Answer Sheet for Question 6 (b)

Candidate No: _____

Centre No: _____

Nalini Kalicharan

	Regular Hours	Overtime Hours (Time and a Half)	Overtime Hours (Double Time)
Sunday			
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Saturday			
Total			

Pay at regular hours **(show workings)** \$

Pay at overtime hours
(time and a half) **(show workings)** \$

Pay at overtime hours
(double time) **(show workings)** \$

Gross Pay \$

FORM TP 2010024



TEST CODE **01239032**

JANUARY 2010

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1 $\frac{1}{2}$ hours

07 JANUARY 2010 (p.m.)

1. **Answer ALL questions.**
2. **Write your answers in the Answer Booklet provided and return it.**
3. **Silent electronic calculators may be used, but ALL necessary workings should be clearly shown.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2008 Caribbean Examinations Council ®.
All rights reserved.

01239032/JANUARY/F 2010

INSTRUCTION:

This paper consists of a case study and FIFTEEN questions. Read the case and answer ALL the questions that follow.

CASE

Pilar Gomez imports piñatas and other items for children's parties. Sales have been increasing and she is thinking of expanding her business. Usually, she will hire an accountant and await the preparation of her Income Statement and Balance Sheet. These statements are due on December 31, 2009. However, Pilar is anxious to get certain information quickly. She presents the following sets of information to you.

Section A

Assets	Cost	Accumulated Depreciation as at 31 December 2008	Depreciation Expense (\$ Per Annum
Property	\$30 000	\$9 000	10% on COST
Office Equipment	\$12 000	\$5 200	25% on NET BOOK VALUE at year's end

Other Assets	Value
Bank	\$ 1 100
Accounts Receivable	\$35 900
Closing Inventory	\$ 6 450
Petty Cash	\$ 135

1. State ONE reason why Pilar Gomez might be anxious to receive accounting information.
(1 mark)
2. Pilar Gomez uses TWO different methods of depreciation. Identify the TWO methods used.
(2 marks)
3. Using the information above, calculate the annual depreciation to be charged on
 - (a) property
 - (b) office equipment.**(Show your workings.)**
(4 marks)
4. Draw up a Balance Sheet extract as at December 31, 2009 showing Pilar's assets sections. Your Balance Sheet must include the following features:
 - Assets classified correctly
 - Vertical style
 - Order of Liquidity
(7 marks)

GO ON TO THE NEXT PAGE

Section B

Liabilities

Date Obtained	Liability	Amount
January 1, 2009	8% 5-year bank loan	\$12 000
October 1, 2009	10% 6-month advance credit	\$ 5 800

5. How will the 8% on the bank loan and the 10% on the advance credit be treated in preparing Pilar Gomez's Income Statement? (1 mark)
6. Calculate the interest due on the bank loan and the advance credit as at December 31, 2009. (2 marks)
7. Why would the bank loan be classified differently from the advance credit, in Pilar Gomez's Balance Sheet? (2 marks)
8. At year's end, Pilar Gomez bought goods on credit from the following suppliers:

G. Mezzo	\$4 600
L. Stanza	\$8 300
X. Lopez	\$2 100

Record these transactions in the appropriate Day Book. Complete the folio column appropriately. (4 marks)

Section C

Income Statement Items	Amount	Position at December 31, 2009
Sales	\$99 200	
Purchases	\$38 500	Add year-end purchases
Opening Inventory	\$ 4 650	
Transport inwards	\$ 1 300	\$ 1 300 paid in full
Miscellaneous expenses	\$12 271	\$12 271 paid in full
Wages and Salaries	\$14 500	\$ 2 300 owing
Electricity Expense	\$ 4 300	\$ 1 200 paid in advance
Commissions Revenue	\$0	Amount earned not yet collected \$1 200

9. Prepare Pilar Gomez's Income Statement for the period ended December 31, 2009. **Be sure to include any relevant information from Sections A and B.** (10 marks)
10. From your Income Statement, calculate Pilar Gomez's net profit percentage. **(Show your workings.)** (2 marks)

GO ON TO THE NEXT PAGE

11. In 2008, Pilar Gomez recorded a net profit percentage of 7%. How does the net profit for 2008 compare with that for 2009? (1 mark)

Section D

Pilar Gomez has decided to create a provision for bad debts since there are certain accounts receivable that have missed their due date for payments.

12. What is the purpose of a Provision for Bad Debts? (1 mark)
13. In which ledger will the Provision for Bad Debts Account appear? (1 mark)
14. How will an increase in the Provision for Bad Debts be recorded in the Income Statement? (1 mark)
15. What account will Pilar Gomez use if a debt becomes uncollectible? (1 mark)

Total 40 marks

END OF TEST

FORM TP 2010101



TEST CODE **01239020**

MAY/JUNE 2010

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

17 MAY 2010 (a.m.)

- 1. Answer ALL questions in Section I and TWO questions from Section II.**
- 2. Begin EACH answer on a separate page.**
- 3. Keep ALL parts of EACH answer together.**
- 4. Silent electronic calculators may be used, but ALL necessary workings should be clearly shown.**
- 5. EACH question is worth 20 marks.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2008 Caribbean Examinations Council ®
All rights reserved.

SECTION I

Answer ALL the questions in this section.

1. Below is a list of balances for Peter Jones, a sole trader.

	\$
Inventories	75 000
Accruals	8 000
Fixtures and Fittings	30 000
Bank	38 000
Capital	339 000
Loan (repayable April 2010)	5 000
Debtors	70 000
Mortgage (repayable 2015)	145 000
Land and Building	250 000
Cash	15 000
Creditors	41 000
Motor vehicles	60 000

- (a) (i) Prepare Peter Jones' classified Balance Sheet as at March 31, 2010, using the order of permanence. **(10 marks)**
- (ii) Identify the most liquid current asset of the business. **(1 mark)**
- (b) The following transactions which occurred during the year were not recorded by Mr Jones.
1. Paid rent of \$3 000 by cheque.
 2. The proprietor paid \$600 from the cash account for insurance on his son's car.
 3. The business received \$5 000 by cheque as commission.
 4. Repaid part of creditors \$6 000 by cheque.
 5. Exchanged a portion of land in settlement of mortgage of \$145 000.
 6. Mr Jones sold inventory costing \$5 000 to a friend for \$4 500 cash.
- (i) **On the work sheet provided**, show the effect of the above transactions on the accounts. **The first transaction has been done for you.** **(7 marks)**
- (ii) Calculate the new balance in the Bank Account. **(2 marks)**

GO ON TO THE NEXT PAGE

2. (a) Angel and Karissa are in partnership, sharing profits and losses in the ratio 3:2. Interest on drawings is charged at the rate of 5% per annum and interest on capital is 10% per annum. Angel and Karissa receive salaries of \$15 000 and \$8 000 respectively. Some of the Current Account entries for the partners for the period ended December 31, 2009 are set out below.

Angel and Karissa

Current Accounts

	Angel \$	Karissa \$		Angel \$	Karissa \$
Balance b/d		1 700	Balance b/d	3 000	
Drawings	14 000	18 000	Interest on capital	2 500	3 500
			Salary	15 000	8 000
			Share of profit	12 300	8 200

Copy the account above in your answer booklet.

- (i) Calculate and enter the interest on drawings to be charged to EACH partner. **(3 marks)**
- (ii) Balance the Current Accounts of the partners. **(Show workings.) (2 marks)**
- (iii) State the significance of BOTH balances brought down as at December 31, 2009. **(2 marks)**
- (iv) State ONE possible reason why Angel and Karissa earn different salaries. **(1 mark)**
- (b) From the information in your Current Accounts, prepare the Appropriation of Profits Account for Angel and Karissa for the year ended December 31, 2009, showing clearly the net profit of the partnership. **(10 marks)**
- (c) Calculate the capital invested by EACH partner. **(Show workings.) (2 marks)**

GO ON TO THE NEXT PAGE

3. (a) Khalel, the owner of Khalel's Gardening Centre, kept only single entries of his transactions. On January 31, 2010, he provided his bank manager with the following information but could not answer a number of questions.

	February 01, 2009 \$	January 31, 2010 \$
Property at cost	40 000	40 000
Motor van value at year end	9 000	7 000
Inventory	4 000	5 600
Accounts receivable (debtors)	1 475	2 300
Accounts payable (creditors)	925	850
Cash	1 240	2 360
Prepaid water rates	400	500
Electricity owing	210	110

The bank manager gave several reasons why this method was not very helpful. He also advised Khalel about using different methods to convert his records to double entry records.

- (i) State TWO limitations of single entry records. **(2 marks)**
- (ii) Prepare a Statement of Affairs as at February 01, 2009, to convert Khalel's Gardening Centre's single entry records. **(5 marks)**

GO ON TO THE NEXT PAGE

(b) Khalel also provided the following information:

1. All sales were made on credit. Debtors paid \$32 600 by cheque during the year. The account of one debtor for \$75 had been written off as bad debt.
2. All purchases totalling \$17 455 were made on credit.
3. In addition to other liabilities, Khalel borrowed \$2 000 from his sister on February 01, 2009. This is to be paid by June 30, 2010. The interest rate was 5% per annum, but neither the loan nor the interest due had been recorded.
4. All other expenses (including water rates and electricity) totalled \$6 115 for the year.

(i) Prepare a Sales Total (Control) Account for Khalel's Gardening Centre to calculate the total Credit Sales for the period ended January 31, 2010.

(3 marks)

(ii) Prepare an Income Statement for Khalel's Gardening Centre for the year ended January 31, 2010.

(9 marks)

(iii) In which classification section of the Balance Sheet should Khalel record the loan from his sister?

(1 mark)

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. Cancun Guest House Limited rents comfortable rooms and serves breakfast to its guests. The company was started through the issue of the following:

100 000 \$1 Ordinary Shares at one dollar (\$1) each

5 000 10% Preference Shares at two dollars (\$2) each and

200 6% Debentures at \$200 each.

The following information was provided for the year ended November 30, 2009.

	\$
Net Profit for the year	83 520
Stock of breakfast supplies	5 000
Stock of sheets, towels etc. at cost (purchased December 01, 2008)	22 000
Accounts payable	13 430
Property and tools at cost	365 000
Provision for depreciation – Property and tools (at 1 Dec. 2008)	109 500
Petty cash	1 200
Bank	20 480
General reserve	8 000
Retained earnings (Dec. 2008)	13 830

GO ON TO THE NEXT PAGE

Additional information:

1. Depreciation on property and tools for the year – \$22 000.
 2. The stock of sheets, towels and similar items are depreciated over two years before they are replaced.
 3. Debenture interest remains outstanding.
 4. The directors have recommended the following:
 - Transfer of \$15 000 to the General Reserve
 - Full dividend on all Preference Shares
 - 50% dividend on Ordinary Shares
- (a) Prepare the Appropriation Account of the company for the year ended November 30, 2009.
(Show all workings) (7 marks)
- (b) Prepare a classified Balance Sheet as at November 30, 2009, for Cancun Guest House Limited.
(13 marks)

GO ON TO THE NEXT PAGE

5. Jeans and Things is a medium-sized factory which makes teens' clothing. At the end of the accounting year, December 31, 2009, the following information was available.

	\$
Stocks at January 01, 2009:	
Raw materials	33 500
Work in progress	7 300
Finished goods	82 770
Rent and rates	12 300
Machinery at cost	500 000
Administrative expenses	25 230
Factory wages	135 000
Factory salaries	72 500
Selling and distribution expenses	43 820
Purchases of raw materials	247 330
Carriage inwards on raw materials	1 500
Returns outwards	3 000
Carriage outwards	1 000
Factory insurance	15 000
Sales	725 650
Stocks at December 31, 2009:	
Raw materials	13 220
Work in progress	6 900
Finished goods	95 240

The following additional information was provided:

1. Machinery is to be depreciated at 25% per annum.
 2. Rent and rates are to be shared equally between factory and office.
 3. Factory insurance is prepaid to March 2010. Monthly premium is \$1 000.
- (a) Prepare a Manufacturing Account for the year ended December 31, 2009, showing clearly:
- The cost of raw materials consumed
 - The prime cost
 - Factory overheads
- (13 marks)**
- (b) Prepare the Income Statement for the year ended December 31, 2009. **(7 marks)**

GO ON TO THE NEXT PAGE

6. Joe Mukram owns and operates a tyre shop in Fast Town. During the month of October 2009 he recorded the following information:

Date	Transaction	Value
October 01	Opening Balance	150 @ \$25
October 10	Purchased	200 @ \$27
October 15	Sold	230 @ \$50
October 21	Purchased	500 @ \$30
October 26	Sold	400 @ \$50
October 31	Sold	120 @ \$55

- (a) **Using the stock form provided**, determine the value of the tyres remaining in stock at October 31, 2009. Joe Mukram uses the LIFO method of stock valuation. **(13 marks)**
- (b) Prepare a Trading Account for the month ending October 31, 2009. **(7 marks)**

GO ON TO THE NEXT PAGE

7. (a) (i) Identify ONE **internal** user of accounting information and state how this information is used by that user. **(2 marks)**
- (ii) Identify ONE **external** user of accounting information and state how this information is used by that user. **(2 marks)**
- (b) Identify the type of business organisation described in EACH situation below:
- (i) Several employees are employed in a large organisation owned by a single person.
- (ii) Three brothers operating a business where the action of one brother is binding on the other two brothers.
- (iii) Shareholders cannot sell their shares in the company on the stock market.
- (iv) Groups of consumers or producers form an organisation to provide services to its members.
- (v) An organisation, operated by members, to provide services to members and is often financed by donations, fund-raising and subscriptions. **(5 marks)**
- (c) Each of the transactions below violates an accounting concept or principle. State the concept or principle that is being violated.
- (i) Credit sales made in March of 2010 were not recorded until the money was received in May 2010.
- (ii) Due to the bankruptcy of Mr Dragon, a debtor, the business is likely to lose \$20 000. Management refuses to write off this amount as a bad debt or to create a provision for bad debts.
- (iii) In order to report higher profits for the financial year, management has changed from the straight line method of depreciation to the reducing balance method.
- (iv) Mr Lumberjack paid the insurance for his private house and recorded it as a business expense. **(4 marks)**
- (d) Draw a labelled diagram of the six (6) stages of the accounting cycle. **(7 marks)**

END OF TEST

Candidate No: _____

Centre No: _____

Worksheet for Question 1. (b)

Transaction	Accounts Affected	Account(s) to be Increased	Account(s) to be Decreased
1	Bank Rent	Rent	Bank
2			
3			
4			
5			
6			

TO BE ATTACHED TO YOUR ANSWER BOOKLET

Candidate No: _____

Centre No: _____

Answer Sheet for Question 6 (a).

Joe Mukram
Stock Form (LIFO method)

Date	Purchases		Sales		Balance		
	Quantity	Cost Price (\$)	Quantity	Sales Price (4)	Quantity	Cost Price (\$)	Value (\$)

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2010102



TEST CODE **01239032**

MAY/JUNE 2010

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1½ hours

17 MAY 2010 (p.m.)

- 1. Answer ALL questions.**
- 2. Write your answers in the Answer Booklet provided and return it.**
- 3. Silent electronic calculators may be used, but ALL necessary workings should be clearly shown.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2008 Caribbean Examinations Council ®
All rights reserved.

This paper consists of a case study and fourteen questions. Study the case and answer the questions that follow.

CASE

The Mavis Technical School opened the Mavis Woodwork Shop on September 01, 2007. The business was not expected to make a profit but to provide cost savings for the school and allow students the opportunity to earn as they learn. Start-up funds for the Mavis Woodwork Shop came from donations from the Ministry of Education and a loan from the school.

The donation from the Ministry of Education consisted of the following:

Machinery costing	\$ 100 000
Tools costing	\$ 60 000
Work benches costing	\$ 10 000

The loan from the school was \$40 000 repayable over four years.

During the first three years, the main activities in the Woodwork Shop included:

- Repairs to desks and chairs for classrooms
- Making and repairing canteen cupboards
- Making and repairing wooden toys for the kindergarten school nearby

1. Identify the type of business organisation to which the Mavis Woodwork Shop belongs. **(1 mark)**
2. To which classification of accounts in the workshop, do the items donated by the Ministry of Education belong? **(1 mark)**
3. What is the net worth of the workshop on September 01, 2007? **(1 mark)**
4. Prepare a classified opening balance sheet for the Mavis Woodwork Shop. **(5 marks)**
5. What is the value of the Woodwork Shop's working capital? **(1 mark)**

GO ON TO THE NEXT PAGE

Materials purchased and used each year by the Woodwork Shop included the following:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Lumber	15 000	18 000	25 000
Plywood	6 000	12 000	18 000
Sanding paper	300	400	700
Glue	400	500	600
Nails	200	200	400
Varnish	2 000	2 600	3 000
Screws	500	700	900

6. Identify TWO books of original entry that are relevant for use by the Woodwork Shop.
(1 mark)
7. Calculate the **total** cost of materials used by the Woodwork Shop for EACH of the three years.
(3 marks)

The Woodwork Shop supervisor decided that the items donated by the Ministry of Education are to be depreciated at a rate of 10% on the reducing balance method each year.

8. In which of the financial reports (Final Accounts) will each year's depreciation be recorded?
(1 mark)
9. In which of the financial reports (Final Accounts) will the accumulated depreciation be recorded?
(1 mark)
10. **Using the worksheet provided**, calculate the annual depreciation for the years 2007, 2008 and 2009 on the workshop's machinery, tools and work benches.
(7 marks)

GO ON TO THE NEXT PAGE

It is estimated that the Woodwork Shop saved the school the following amounts each year:

Year	Amount saved
	\$
2007	150 000
2008	230 000
2009	280 000

These savings are considered revenue for the Woodwork Shop.

In addition, the sales of wooden toys to the kindergarten school were as follows:

Year	\$
2007	14 000
2008	17 000
2009	21 000

- 11. Using the worksheet provided,** calculate the revenue earned by the Woodwork Shop for EACH of the three years – 2007, 2008 and 2009. **(4 marks)**

The workshop supervisor is paid an annual salary of \$140 000. Students' wages are 70% of the sale of wooden toys each year. Other miscellaneous expenses incurred each year by the Woodwork Shop are as follows:

Year	\$
2007	25 000
2008	28 000
2009	30 000

- 12.** In which of the ledgers will salary and miscellaneous expense accounts be posted? **(1 mark)**
- 13. Using the worksheet provided,** calculate the **total** cost of operating the Woodwork Shop in EACH of the three years – 2007, 2008 and 2009. (Use total costs instead of listing each item of material.) **(8 marks)**
- 14. Using the worksheet provided,** prepare a statement to show the profit OR loss made by the Woodwork Shop for EACH of the three years – 2007, 2008 and 2009. (Use total amounts of revenues and expenses already calculated.) **(5 marks)**

END OF TEST

Candidate No: _____

Centre No: _____

Worksheet for Question 10.

**Mavis Bank Depreciation
(Reducing balance method)**

ITEMS	2007 \$	2008 \$	2009 \$
Woodwork Shop Machinery at cost \$100 000			
Woodwork Shop Tools at cost \$60 000			
Woodwork Shop Work Benches at cost \$10 000			
Total Depreciation			

Worksheet for Question 11.

Mavis Bank Woodwork Shop Annual Revenue

	2007 \$	2008 \$	2009 \$
TOTAL			

TO BE ATTACHED TO YOUR ANSWER BOOKLET

Candidate No: _____

Centre No: _____

Worksheet for Question 13.

Mavis Bank Woodwork Shop Annual Operating Costs

	2007 \$	2008 \$	2009 \$
TOTAL			

Worksheet for Question 14.

**Mavis Bank Technical School
Woodwork Shop
Income Statement
for years ending 2007, 2008 and 2009**

	2007 \$	2008 \$	2009 \$
PROFIT/LOSS			

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2011025



TEST CODE **01239020**

JANUARY 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

06 JANUARY 2011 (a.m.)

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2009 Caribbean Examinations Council.
All rights reserved.

01239020/JANUARY/F 2011

SECTION I

Answer the THREE questions in this section.

- 1.** The owner of JZ Variety Store begins his business on May 1, 2010. He recorded all transactions in a General Journal. The following are the records for the first month of business:

JZ Variety Store
General Journal

Date 2010	Details	Dr (\$)	Cr (\$)
May 1	Bank a/c	50 000	
	Premises	101 000	
	Motor vans a/c	24 000	
	Capital a/c		175 000
May 2	Equipment a/c	40 000	
	Equipco Ltd a/c		40 000
May 5	Electricity a/c	2 400	
	Bank a/c		2 400
May 8	Sam's Used Cars a/c	12 000	
	Bank a/c	12 000	
	Motor van a/c		24 000
May 14	Motor van	30 000	
	Bank		30 000
May 15	Purchases a/c	20 000	
	Bevy Distributors a/c		20 000
May 20	Fixtures a/c	20 000	
	Wood Products Ltd a/c		20 000
May 25	Wages a/c	4 400	
	Bank a/c		4 400
May 26	Bevy's Distributors a/c	1 200	
	Returns Outwards		1 200
May 30	Bank	25 000	
	Sales		25 000

At the end of the month, JZ records a closing stock of \$5 000.

GO ON TO THE NEXT PAGE

- (a) Write the narratives required to complete the entries on May 1, May 8 and May 25. **(3 marks)**
- (b) (i) Identify THREE journals (day books), other than the General Journal which JZ Variety Store can use.
- (ii) Explain the use of EACH journal (day book) identified in (b) (i) above. **(6 marks)**
- (c) From the information in the General Journal, draw up a Trading and Profit and Loss Account for JZ Variety Store for the month of May 2010. **(7 marks)**
- (d) List the creditors and debtors of JZ Variety Store as at May 31, 2010. **(4 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. C. Wynn and T. Bain's partnership deed states the following:

Interest on capital – 10% per year on capital at start of the year

Interest on drawings – 10% per year on all partners' drawings

Monthly salaries – C. Wynn \$1 200; T. Bain \$800

The partnership extracted the following trial balance for the year ended December 31, 2010 after calculating **net profit before interest on the Loan from T. Bain.**

	\$	\$
Profit before Interest		39 100
Stock December 31, 2010	4 200	
Land and Buildings after depreciation	56 900	
Prepaid Insurance	800	
Motor vehicles after depreciation	28 680	
Accounts Receivable	7 420	
C. Wynn's Capital Account		35 000
C. Wynn's Current Account	750	
C. Wynn's drawings	12 700	
Bank overdraft		8 300
Creditors		4 440
Rent owing		2 160
T. Bain's Current Account		1 750
T. Bain's Capital Account		25 000
T. Bain's 2 year, 4% Loan		5 000
T. Bain's drawings	<u>9 300</u>	<u> </u>
	<u>120 750</u>	<u>120 750</u>

- (a) Prepare the Appropriation Account for C. Wynn and T. Bain for the year ended December 31, 2010. **(Show all working clearly)** **(11marks)**
- (b) Using columnar style, prepare the Current Accounts for C. Wynn and T. Bain. **(7 marks)**
- (c) Draw up a statement showing the net worth of EACH partner as at December 31, 2010. **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) As at November 30, 2010 the following personal account balances existed in the Sales and Purchases Ledgers of Smallmoon Enterprises.

Sales Ledger
Marshall \$32 500

Purchases Ledger
Hamilton \$19 290

The following information was extracted from the company's day books for the month of December 2010:

Sales Day Book

2010		\$
Dec 4	Marshall	25 200
Dec 21	Marshall	8 002

Purchases Day Book

2010		\$
Dec 6	Hamilton	3 150
Dec 29	Hamilton	2 250

Sales Returns Day Book

2010		\$
Dec 6	Marshall	3 100

Purchases Returns Day Book

2010		\$
Dec 11	Hamilton	415

CASH BOOK

Date	Details	Bank	Date	Details	Bank
2010 Dec 1	Bal b/d	\$ 5 200	2010 Dec 28	Hamilton for Credit Purchases	\$ 15 000
Dec 23	Marshall for Cash Sales	400	Dec 28	Hamilton for Cash Purchases	500
Dec 23	Marshall for Credit Sales	26 000	Dec 31	Bal c/d	16 100
		<u>31 600</u>			<u>31 600</u>
2011 Jan 1	Bal b/d	16 100			

- (i) Prepare and balance the personal accounts appearing in the ledgers of Smallmoon Enterprises as at December 31, 2010. **(9 marks)**
- (ii) Prepare and CLOSE the Sales and Purchases Accounts in the General Ledger of Smallmoon Enterprises as at December 31, 2010. **(4 marks)**

GO ON TO THE NEXT PAGE

- (b) The following balances were taken from the books of Metal Works Enterprises on April 30, 2010. **An inexperienced bookkeeper placed some items in the wrong column.**

	Dr (\$)	Cr (\$)
Land and building	68 000	
Bank overdraft	6 500	
Cash on hand	3 200	
Accounts receivable	49 000	
Carriage inwards	1 500	
Carriage outwards		2 700
Accounts payable		38 250
Rent received	10 200	
Motor vehicles	36 000	
Allowance for depreciation of motor vehicles		12 000
Purchases returns	600	
Sales returns		1 100
Commission paid	1 600	
Loans		25 000
Sales		105 400
Purchases	90 000	
Drawings		6 200
Salaries	12 500	

Rewrite the Trial Balance for Metal Works Enterprises in good style, including an amount for capital. **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. Mr Best prepared the following information in order to produce end-of-year figures for his final accounts.

	\$
Sales Ledger balances, January 1, 2010 – Debit	25 260
– Credit	540
Purchases Ledger balances, January 1, 2010 – Debit	350
– Credit	32 130
Total receipts from customers	392 690
Total payments to suppliers	308 160
Purchases on credit	321 100
Sales on credit	412 500
Discount allowed	3 220
Discount received	4 660
Return Inwards	2 100
Return Outwards	1 500
Bad debts written off	2 800
Balance in the Sales Ledger set off against balances in the Purchases Ledger	500
Sales Ledger balance December 31, 2010 – Debit	?
– Credit	360
Purchases Ledger balance December 31, 2010 – Debit	230
– Credit	?

- (a) Prepare the Sales Ledger Control Account and the Purchases Ledger Control Account for Mr Best, for the year ended December 31, 2010. **(15 marks)**
- (b) Mr Best extracted a Trial Balance on July 31, 2010 which failed to agree by \$7 425; a shortage on the debit side of the Trial Balance. A Suspense Account was opened for the difference.

In August 2010 the following errors were discovered.

1. Sales Day Book had been undercast by \$4 100.
2. A cheque paying \$3 500 to B. Ashton was entered in the Cash Book but not in the Personal Account.
3. Inventory at close was under-valued by \$3 900.
4. Discount received of \$4 125 from a supplier was not posted to the supplier's account.

Write up the Suspense Account showing the correction of the errors.

(5 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. E. Sandiford is the owner and operator of Par Excellence Woodcraft Manufacturers, which specializes in building wooden fixtures and furniture. At December 31, 2010, E. Sandiford presented the following information:

		\$
Stock at January 1, 2010:	Raw materials	8 000
	Finished goods	29 110
	Work-in-progress	10 500
Stock at December 31, 2010:	Raw materials	6 000
	Finished goods	35 000
	Work-in-progress	22 700
Purchases of raw materials		135 000
Office supplies & stationery		2 800
Packing material		6 500
Factory supplies		1 640
Returns of raw materials		5 700
Office staff salaries		14 800
Wages of factory workers		62 900
Factory manager's salary		28 000
Transportation Costs - Raw materials		1 300
- Finished products to customers		2 400
Telephone		3 600
Administrative		2 500
Advertising		600
Warehousing		7 000
Depreciation expense for the year - Lathe		1 900
- Office equipment		750
- Factory machinery & equipment		2 100
Rent		30 000
Electricity		7 200

Note: The electricity and rental costs are apportioned between the factory and the office as follows: Factory - 3/5; Office - 2/5.

- (a) Prepare the Manufacturing Account for E. Sandiford's business for the year ended December 31, 2010 clearly identifying totals for:
- Cost of raw materials consumed
 - Prime cost
 - Factory overheads
 - Cost of goods produced
- (14 marks)**

GO ON TO THE NEXT PAGE

- (b) Prepare a list of costs incurred by E. Sandiford's office to arrive at total office costs. **(3 marks)**
- (c) E. Sandiford made 480 computer tables for the year ended December 31, 2010. Calculate the unit cost of manufacturing one computer table. **(Show all working clearly.)** **(3 marks)**

Total 20 marks

6. (a) J. Collins, owner and operator of Collins' Smart Mart, lost all her stock in a fire on the evening of March 31, 2010. She also lost most of her records in the fire, but was able to piece together the following information:

	\$
• Amount owing to suppliers as at January 1, 2010	500
• Payments by cheque, made to suppliers	36 725
• Amount owing to suppliers as at March 31, 2010	1 420
• Cash purchases for February 2010	2 700
• Cash from sales deposited at bank between January 1 to March 31, 2010	82 000
• Closing inventory as at December 31, 2009	85 000

- (i) Prepare the Creditors (Total) Account to calculate the amount of credit purchases for the period. **(5 marks)**
- (ii) Calculate the total purchases figure for Collins' Smart Mart for the period January 1 to March 31, 2010. **(Show all working clearly.)** **(2 marks)**
- (iii) Given that J. Collins normally operates at a gross profit margin of 20%, find the cost of sales for the period January 1 to March 31, 2010. **(Show working.)** **(3 marks)**
- (iv) Prepare the Income Statement (Trading Account) for Collins' Smart Mart for the period ended March 31, 2010. Show clearly the value of the inventory (Closing Stock) lost in the fire on March 31, 2010. **(9 marks)**
- (b) State the name given to the relationship between gross profit and cost of sales. **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. Mrs Chin Lee does her own accounts. At the end of the year, December 31, 2010, in preparing her final accounts she makes the decisions stated in (a) (i) - (v) below.
- (a) Using a phrase or sentence, state the accounting concept NOT being followed in each of the situations below:
- (i) At the end of the year, Mrs Chin Lee owes \$2 000 in wages to an employee. She made no entry for the amount owing.
 - (ii) Mr Harris, a long-standing customer, promised to make a purchase of \$5 000 early in the next year. This amount was included in sales.
 - (iii) Mrs Chin Lee uses the straight line method of depreciation on a yearly basis and provides \$4 000 per annum as depreciation on motor vehicles. This year, she changed to the reducing balance method and charged \$5 600 as depreciation on motor vehicles.
 - (iv) Mrs Chin Lee paid insurance on her house amounting to \$7 500 and recorded it as a business expense.
 - (v) Mrs Chin Lee changes her stock valuation method every year. **(5 marks)**
- (b) Mrs Chin Lee recorded net profit of \$36 500 for the year ended December 31, 2010. With reference to items (a) (i) to (iv) above, prepare a statement of corrected net profit. **(5 marks)**
- (c) List **THREE external** users and **TWO internal** users of accounting information and state **ONE** need of **EACH** user. **(10 marks)**

Total 20 marks

END OF TEST

FORM TP 2011026



TEST CODE **01239032**

JANUARY 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1 $\frac{1}{2}$ hours

06 JANUARY 2011 (p.m.)

1. Answer ALL questions.
2. Answer the questions in the answer booklet provided and return it.
3. Start each answer on a new page.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2009 Caribbean Examinations Council.
All rights reserved.

01239032/JANUARY/F 2011

INSTRUCTIONS: This paper consists of a case study and TWELVE questions. Read the case and answer ALL the questions that follow.

CASE STUDY

On January 4, 2010, Kent Babolal started a trucking business in his community. He bought three trucks at a total cost of \$450 000 and a warehouse valued at \$175 000. Kent deposited \$300 000 into the business bank account and he kept \$75 000 in cash for use in the business.

1. What type of business entity does Kent Babolal operate? (1 mark)

2. Prepare the opening journal entry for the business.
(Narrative is not required) (7 marks)

After one week of operation, Kent realized that there was great demand for trucking services. On January 11, 2010, Kent bought two additional trucks from L.L. Trucking Company at a total cost of \$400 000. Kent obtained a five-year loan of \$250 000 from Caribbean Republic Bank and made the balance of the payment from his bank account.

3. Show the journal entry to record the purchase of the two additional trucks.
(Narrative is not required.) (3 marks)

4. Identify the heading in the Balance Sheet under which the amount owing to the bank would be recorded. (1 mark)

5. Name the ledger in which the purchase of the trucks would be recorded. (1 mark)

Three trucks, A, B and C, are rented out five days per week. For Truck A and Truck B, Kent charges renters a constant rate of \$10 per kilometre. Truck C is hired out to a single contractor. Kent charges the contractor \$10 per kilometre for the first 2 500 kilometres and \$8 per kilometer thereafter.

During the first three months of operation, the three trucks travelled the following distances:

Truck	A	B	C
Distance (km)	2 000	2 750	4 500

6. Calculate the total revenue earned by Trucks A, B and C for the first three months. (5 marks)

The other two trucks, D and E, are used for the delivery of goods mainly for individuals and small businesses. Total earnings from delivery services for the first three months was \$36 000; \$16 000 from Truck D and \$20 000 from Truck E.

GO ON TO THE NEXT PAGE

The following costs were incurred in operating the business for the first three months:

Fuel at \$1 per kilometre for 3 trucks: A, B and C
Services and repairs for the period \$5 000
Insurance and road licence per annum \$120 000
Salaries: Two drivers of Trucks D and E at \$3 500 per month
Commission to drivers: 1% on deliveries earnings

Depreciation of the trucks was calculated at a rate of 10% per annum on the straight line basis.

7. Identify TWO 'books of original entry' that Kent is **LIKELY** to use in his business. **(2 marks)**
8. Calculate the amounts for EACH of the following expenses for the three-month period:
 - (a) Fuel
 - (b) Insurance and road licence
 - (c) Drivers' salaries
 - (d) Commission to drivers
 - (e) Depreciation on the five trucks **(5 marks)**
9. Calculate the Gross Pay for the driver of Truck E for the three-month period. **(2 marks)**
10. Prepare the Income Statement for Kent Babolal for the three-month period. **(7 marks)**
11. Identify ONE revenue expenditure and ONE capital expenditure made by Kent Babolal in the three months of operation. **(2 marks)**
12.
 - (a) Calculate the net profit percentage for the business. **(2 marks)**
 - (b) Calculate the return on capital employed. **(Show all working clearly.) (2 marks)**

Total 40 marks

END OF TEST

FORM TP 2011106



TEST CODE **01239020**

MAY/JUNE 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

16 MAY 2011 (a.m.)

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2010 Caribbean Examinations Council.
All rights reserved.

01239020/F 2011

SECTION I

Answer the THREE questions in this section.

- 1.** Mikail Jack is a music artiste. On March 31, 2011, he provided the following information about his assets and liabilities:
1. He owns recording equipment valued at \$40 000.
 2. He also owns musical instruments worth \$15 000.
 3. He owns a car, which was bought at a cost of \$65 000. The car was bought with the help of a five-year loan of \$30 000 from Easy Finance Company. Accumulated depreciation as at March 31, 2011 is \$18 000.
 4. There is an inventory of pre-recorded CDs on hand, valued at \$5 700.
 5. He sold \$300 worth of his pre-recorded CDs to a fan, who promised to pay in April 2011.
 6. The Cancer Society owes him \$8 000 for performing at a public function.
 7. He paid \$650 in advance to Star Advertising Company which is working on his new advertising campaign.
 8. He holds a bank account of \$8 925, and has petty cash on hand of \$50.
 9. He owes \$2 500 in interest charges on a loan from Easy Finance Company.
 10. He rents a recording studio for \$1 500 per month – three months' rent remains unpaid at March 31, 2011.

Prepare a classified Statement of Financial Position (Balance Sheet) for Mikail Jack, as at March 31, 2011. (Use the order of permanence in classifying assets.) **(20 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. Chester and Norbert have been in partnership for several years. Their partnership agreement provides for the following:

1. Partners are to receive interest at the rate of 10% per annum on their opening capital balances.
2. Interest at a rate of 5% per annum is to be paid on partners' drawings during the year.
3. Norbert is to receive a salary of \$1 500 per month.
4. Profits and losses are to be shared equally.

The following information has been extracted from their books:

Partners' Capital Accounts at January 1, 2010:

	\$
Chester	250 000
Norbert	150 000

Partners' Current Accounts at January 1, 2010:

	\$
Chester	24 000
Norbert	(1 500)

On July 1, 2010, **halfway through the year**, Chester and Norbert admitted Telford to the partnership. Telford brought \$40 000 in cash, a motor car valued at \$35 000 and equipment valued at \$25 000.

- (a) Prepare the journal entry to record the admission of Telford into the partnership. **(3 marks)**

Between January 1, 2010 and December 31, 2010 the following activities occurred:

Partners' Drawings:

	\$
Chester	6 400
Norbert	7 000

Net Income of \$122 330 was earned evenly throughout the year.

The ONLY CHANGE in the partnership agreement provides for profit or loss to be shared among the partners in the ratio of Chester 3 : Norbert 2 : Telford 1.

Note: all other provisions remain the same.

- (b) Prepare an extract of the Partnership Appropriation Account up to the share of remaining profit for the year ended December 31, 2010. **(7 marks)**
- (c) **Complete the worksheet provided** to arrive at the share of remaining income or profit earned by EACH partner. **(3 marks)**
- (d) Prepare the Current Accounts of the partners as at December 31, 2010. **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. Chris Luder and Sons maintains both a three-column Cash Book and a Petty Cash Book. The Petty Cash Account should start with \$400 in hand every month. All payments for office supplies and cleaning expenses are recorded in the Petty Cash Book.

The balances at April 1, 2011 were as follows:	\$
Cash	850
Bank	4 200
Petty Cash	75

During the month of April, the following transactions were recorded in the books, as indicated.

- April 1 Restored imprest by cash to petty cash book.
- 6 Paid wages of \$2 100 by cheque.
- 7 Received cash of \$1 900 from P. Rice to settle amount of \$2 000.
- 9 Purchased postage stamps at a cost of \$50.10; mop and broom \$34.60.
- 11 Bought copying paper at a cost of \$40.80.
- 15 Bought cleaning supplies at a cost of \$25.50; and staples for stapling machine at \$31.20.
- 16 Deposited \$1 200 (cash) into the bank.
- 16 S. John paid his debt of \$1 000 by cheque, less 5% discount.
- 18 Chris Luder, owner, withdrew \$500 in cash for private expenses.
- 22 Bought envelopes at a cost of \$63.30.
- 26 Paid debt of \$2 900 to K. Band Enterprises by cheque, less 2% discount.
- 27 Cleaner's wages \$128.30.
- 30 S. John's cheque received on April 16 was returned marked "return to drawer".
- (a) Draw up the three-column Cash Book for Chris Luder and Sons for the month of April 2011. **(9 marks)**
- (b) **Using the worksheet provided**, draw up the Petty Cash Book for Chris Luder and Sons for the month of April 2011. **(8 marks)**
- (c) Post the TOTALS of the office supplies and cleaning expenses columns in the appropriate ledger. **(3 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. B. C. Yen recorded the following Trial Balance after calculating gross profit.

Trial Balance as at December 31, 2010

	\$	\$
Gross Profit		163 000
General Expenses	51 570	
Advertising	5 800	
Bank interest	1 520	
Commissions earned		2 200
Premises at cost	196 000	
Fixtures and fittings at cost	110 000	
Provision for depreciation:		
Premises		39 200
Fixtures and fittings		33 600
Inventory at December 31, 2010	19 030	
Accounts receivable	20 500	
Provision for doubtful debts		2 300
Accounts payable		16 500
Bank overdraft		13 450
Cash	2 700	
Capital		136 870
	<u>407 120</u>	<u>407 120</u>

Adjustments required at end of year:

1. Advertising expense includes \$800 prepayment.
 2. Bank interest of \$480 was owing at December 31, 2010.
 3. Commissions received in advance, that is, not yet earned, \$300.
 4. Bad debts of \$900 are to be written off from accounts receivable.
 5. Premises are to be depreciated at 5% using the straight-line method.
 6. Fixtures and fittings are to be depreciated at 20% using the reducing balance method.
 7. Provision for doubtful debts is to be \$2 100.
- (a) **Complete the worksheet provided** for the required adjustments numbered 2 to 7 above by
- (i) entering EACH item from B. C. Yen's Trial Balance which requires adjustment
 - (ii) showing how EACH item is to be adjusted and the amount of the adjustment.
The first one is done for you as an example. **(10 marks)**
- (b) Prepare the Fixed and Current Assets sections of B. C. Yen's Balance Sheet as at December 31, 2010 showing **clearly** any changes taken into account. **(10 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

5. Martha's Cakes & Confectionery is a manufacturer producing a variety of baked goods for sale to supermarkets. At December 31, 2010, the following information became available:

	\$
Cost of raw materials used	56 400
Closing stock of raw materials	3 905
Kitchen equipment	16 000
Provision for depreciation on kitchen equipment	7 200
Office equipment	10 000
Provision for depreciation on office equipment	1 000
Purchases: Office supplies & stationery	600
Boxes (for kitchen storage)	1 200
Small kitchen appliances	900
Salaries - Office staff	5 800
Wages - bakers & cake decorators	15 800
Wages - delivery driver	8 880
Other delivery costs	2 900
Administrative costs	1 950
Advertising	400
Electricity	10 500

- Notes: 1. The electricity cost is to be apportioned between the kitchen and the office as follows: Kitchen – 2/3; Office – 1/3.
2. Assets are to be depreciated as follows:
Kitchen equipment @ 10% reducing balance.
Office equipment @ 5% on cost.
3. Value of small kitchen appliances at year end was \$500.
4. Sales amount for the year was \$114 352.
- (a) Prepare the Manufacturing Account for Martha's Cakes & Confectionery, showing clearly:
- (i) Prime cost
 - (ii) Factory overheads
 - (iii) Total cost of production **(10 marks)**
- (b) Prepare the Income Statement for Martha's Cakes & Confectionery for the year ended December 31, 2010, classifying costs appropriately. **(8 marks)**
- (c) Martha reports an average unit cost of \$10 per baked item. Compute the number of baked items produced for the year ended December 31, 2010. **(Show all working clearly.)**
(2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. Fifty housewives in the Goodlands community started a buying cooperative. On May 1, 2009, they each paid a \$6.00 registration fee, and agreed that each member would buy 25 shares at \$10.00 each.

(a) Prepare the journal entries to record the monies collected for:

- Registration fees
- Share purchase

(6 marks)

At the end of the second year of operation, total share capital was \$25 000. The following figures were extracted from the books as at April 30, 2011:

Surplus	\$108 900
Undistributed profit	48 600

The Board of Management has proposed the following:

1. Transfer of 20% to the Education Fund.
2. A transfer of 15% to commence a Health Benefit Plan Reserve Fund.
3. Members are to receive a 25% refund on the total patronage sales of \$180 000 for the year ended April 30, 2011.
4. Payment of 10% of share value as dividends.

(b) Prepare the Appropriation Account for the Goodlands Housewives Cooperative for the year ended April 30, 2011. **(8 marks)**

(c) Mrs Susan Cunningham, a co-operative member who now owns 42 shares, has receipts totalling \$3 845 in respect of her purchases from the Goodlands Housewives Cooperative during the last year.

(i) Calculate the amount of the patronage refund due to Mrs Cunningham. **(Show all working clearly.) (2 marks)**

(ii) Calculate the TOTAL amount that should be paid to her, by the cooperative, out of this year's surplus. **(Show all working clearly.) (3 marks)**

(d) State ONE benefit, to the housewives, of joining the Goodlands Housewives Cooperative Society. **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) Cartel Vee sells leather sandals. His transactions for the month ended July 31, 2010 were as follows:

Transactions	Units	Unit Cost Price (\$)
Beginning stock	110	55
Stock purchases	490	70
Sales @ \$100 each	520	

Show workings for ALL calculations.

- (i) Calculate the amount of units held as unsold stock at year end. **(3 marks)**
 - (ii) Calculate the value of closing stock using the
 - a) FIFO method
 - b) LIFO method. **(2 marks)**
 - (iii) Calculate the Gross Profit for Cartel Vee using the LIFO value for closing stock. **(5 marks)**
 - (iv) State the MAIN reason why it is necessary to know the stock valuation method being used by a firm. **(1 mark)**
 - (v) Calculate the cost price that would be used for the AVCO method in valuing closing stock. **(4 marks)**
 - (vi) What ratio can be calculated to measure how quickly Cartel Vee sells his stock? **(1 mark)**
- (b) At the end of Cartel Vee's first year of operation, his accountant presents the following ratios comparing the performance of Cartel Vee with a competitor:

Ratios	Cartel Vee	Competitor
Current ratio	12.5:1	9:1
Expense to sales ratio	28%	33%

- (i) Which of the ratios above measures control of costs? **(1 mark)**
- (ii) Which of the ratios above measures a firm's ability to meet its short-term debts? **(1 mark)**
- (iii) Prepare a short report, using both ratios, comparing Cartel Vee's performance with that of his competitor. **(2 marks)**

Total 20 marks

END OF TEST

FORM TP 2011106



TEST CODE **01239020**

MAY/JUNE 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Centre No:

Candidate No:

Worksheet for Question 2 (c)

Share of Remaining Income	Working Column \$	Chester \$	Norbert \$	Telford \$
January - June (50%)				
July - December (50%)				
TOTALS				

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2011106



TEST CODE **01239020**

MAY/JUNE 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Centre No:

Candidate No:

Worksheet for Question 3 (b)

Petty Cash Book

Amount	Date 2011	Details	Total	Office Supplies	Cleaning Expenses
	Apr 1	Balance b/d			
	Apr 1	Cash			
	Apr 9	Postage stamps			
	Apr 9	Mop and broom			
	Apr 11	Copying machine paper			
	Apr 15	Staples			
	Apr 15	Cleaning supplies			
	Apr 22	Envelopes			
	Apr 27	Cleaner's wages			
		Balance c/d			

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2011106



TEST CODE **01239020**

MAY/JUNE 2011

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Centre No:

Candidate No:

Worksheet for Question 4 (a) (i) and (ii)

	ITEM	ADJUSTMENT REQUIRED	
		TREATMENT	AMOUNT
1	Advertising	Subtract prepayment of	\$800
2			
3			
4			
5			
6			
7			

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2011107



TEST CODE **01239032**

MAY/JUNE 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

1 $\frac{1}{2}$ hours

16 MAY 2011 (p.m.)

1. Answer ALL questions.
2. Answer the questions in the answer booklet and on the forms provided and return them.
3. Silent electronic calculators may be used, but ALL necessary working should be clearly shown.
4. You are provided with a journal page and a cash book page to use where required for your answers.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Copyright © 2010 Caribbean Examinations Council.
All rights reserved.

01239032/F 2011

INSTRUCTIONS: This paper consists of a case study and ELEVEN questions. Read the case and answer ALL the questions that follow.

CASE STUDY

Falmer Hardware, a small business, is located at 5 Bakelite Street, Facade Town. The firm specializes in the sale of materials for building houses. The new accounting year started on August 1, 2010.

1. What is the closing date of the annual accounting period for this business? **(1 mark)**

During the month of April, Falmer Hardware holds the following source documents:

- Purchases invoices
- Cash bills
- Credit notes received
- Debit note received
- Voucher
- Receipts given
- Fixed asset purchase credit invoice

2. Why are the documents above called source documents? **(1 mark)**

Gregory Falmer, the owner of Falmer Hardware, has employed a trainee accounts clerk. He asks the clerk to place these documents in the correct folder named after the appropriate journals.

3. **On the worksheet provided**, complete the table by writing the correct journal folder to match the source document listed. **The first one is done for you as an example. (3 marks)**

The business started the new accounting period with the following assets and liabilities:

	\$
Delivery truck	23 000
Inventory	12 200
Cash in hand	1 300
Bank overdraft	2 800
L. Sand, debtor	1 450
M. Rockfall, creditor	1 280

4. Draw up the opening entry for this business in Falmer Hardware's General Journal. **(5 marks)**

On August 1, 2010, the delivery truck was two years old. It is expected to last for five more years. It will then be sold for \$2 000.

5. Using the straight line method of depreciation, calculate the net book value of the truck as at August 1, 2010.
(Show all working clearly.) (2 marks)

GO ON TO THE NEXT PAGE

During the month of August, Falmer Hardware carried out the following transactions:

- Aug 1 The owner invested a further \$2 000. This was deposited into the business' bank account.
- Aug 2 Lester Village Credit Union loaned Falmer Hardware \$10 000 by cheque at 6% per year interest over the next three years.
- Aug 4 Purchased goods valued \$9 000 from P. Lava paying by cheque.
- Aug 6 Sold goods on credit to B. Sediment for \$8 000 offering a 2% cash discount for payment before the end of the month.
- Aug 12 Paid \$700 in cash on the electricity bill which totalled \$1 000.
- Aug 15 Sold goods on credit to L. Sand for \$4 000.
- Aug 18 Withdrew \$1 500 cash from bank for business use.
- Aug 19 Purchased goods on credit for \$3 000 from L. Silica.
- Aug 20 Owner withdrew \$600 from cash.
- Aug 23 B. Sediment returned goods worth \$400.
- Aug 28 Cash sales of \$11 200 deposited into the bank.
- Aug 29 Received a cheque from B. Sediment in full settlement of account.
- Aug 30 Paid M. Rockfall \$1 200 by cheque in full settlement of his account.
- Aug 30 Received cheque for \$1 450 from L. Sand.
- Aug 31 Paid one month's interest due on the loan in cash.
- Aug 31 Paid \$4 500 in rent for the next three months by cheque.
- Aug 31 Paid monthly wages of \$1 200 in cash.

- 6. Prepare the three-column Cash Book for Falmer Hardware for the month of August. **(11 marks)**
- 7. Draw up the Sales Account in the General Ledger of Falmer Hardware and balance the account at the end of the month. **(3 marks)**
- 8. Name the source document to be sent to B. Sediment for the return of the goods. **(1 mark)**
- 9. Draw up B. Sediment's Account in the Sales Ledger of Falmer Hardware and balance the account at the end of the month. **(3 marks)**
- 10. Give ONE example of EACH of the following types of accounts in Falmer Hardware's books:
 - (a) A prepaid expense
 - (b) An account affecting capital
 - (c) A long-term liability
 - (d) An accrued expense**(2 marks)**

GO ON TO THE NEXT PAGE

The following were provided for Falmer Hardware for the month of September.

	\$
Sales	34 700
Opening inventory	2 200
Closing inventory	3 800
Purchases	23 560
Returns outwards	340
Transportation-in	2 500

- 11.** Calculate the following figures for Falmer Hardware for the month of September.
(Show all working clearly.)

- (a) Cost of goods sold
- (b) Gross profit
- (c) Gross profit margin (on sales)
- (d) Stock turnover ratio

(8 marks)

Total 40 marks

END OF TEST

FORM TP 2011107



TEST CODE **01239032**

MAY/JUNE 2011

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 03/2 – General Proficiency

Worksheet Question No. 3

Centre No:

Candidate No:

Source Documents	Journal
Example: Purchases invoices	Purchases journal
Cash bills	
Credit notes received	
Debit note received	
Voucher	
Receipts given	
Fixed asset purchase credit invoice	

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2012025



TEST CODE **01239020**

JANUARY 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

06 JANUARY 2012 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. You may use a silent, non-programmable calculator to answer questions.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2011 Caribbean Examinations Council
All rights reserved.

01239020/JANUARY/F 2012

SECTION I

Answer the THREE questions in this section.

1. The accountant of VIP Enterprises prepares the following trial balance as at 30 November 2011.

	\$	\$
Premises	105 520	
Capital		200 000
Vehicles	75 000	
Equipment	72 190	
5-year bank loan		25 600
Closing inventory	12 500	
Bank deposit (fixed for the next two years)	6 800	
Cash	9 300	
Debtors	10 600	
Creditors		23 000
Prepaid insurance	390	
Rent owing		1 080
Drawings	2 900	
Sales		123 620
Cost of sales	45 700	
Miscellaneous expenses	52 400	
Capital introduced during the year		20 000
	393 300	393 300

- (a) Prepare VIP Enterprises' Income Statement for the year ended 30 November 2011.
(4 marks)
- (b) Prepare the classified Balance Sheet for VIP Enterprises as at 30 November 2011 in vertical style, identifying clearly the business' working capital.
(12 marks)
- (c) In 2010, VIP Enterprises recorded a closing inventory of \$5 780. Using this information as well as information from the trial balance, calculate the following ratios for VIP Enterprises:
(Show your working.)
- (i) Stock turnover
- (ii) Return on opening capital employed (ROCE)
(4 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

2. On 1 January 2012, Partner A had to go on a sudden business trip. He provided Partner B with the following information including reminders about their partnership agreement.

		\$
Capital: Partner A Partner B		60 000 20 000
Interest on capital	10% per year	
Drawings: Partner A Partner B		14 000 12 000
Interest on drawings	5%	
Share of profit: Partner A Partner B	75% 25%	
Sales		170 000
Cost of sales		90 000
Rental revenue		20 000
Insurance expenses		4 300
Wages		28 200
Bonus to employees at year's end		5 500
Depreciation on office buildings		7 500
Office supplies		8 100
Office supplies in stock at year's end		2 000
Discounts allowed		900

- (a) Identify THREE items from the list above that would be found in A and B's partnership agreement. **(3 marks)**
- (b) Prepare the Income Statement for Partners A and B for the period ended 31 December 2011. **(8 marks)**
- (c) Prepare the Appropriation Account for the period ended 31 December 2011. **(8 marks)**
- (d) How much more cash, if any, can Partner B withdraw from the business without taking away from his capital? **(Show your working.) (1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) (i) Define the term 'depreciation'. (2 marks)
- (ii) Identify the double entry used to record depreciation. (2 marks)
- (iii) State THREE causes of depreciation. (3 marks)
- (b) Tamarind Company bought equipment costing \$80 000 and charged depreciation at a rate of 10% per annum using the reducing-balance method.
- (i) Using the information above, copy and complete the table for the first THREE years of the equipment's life. (11 marks)

Year	Cost or Net Book Value Before Depreciation	Depreciation Expense for the Year	Accumulated Depreciation	Net Book Value After Depreciation
1				
2				
3				

- (ii) Draw up the Balance Sheet (extract) for the equipment at the END of the third year of use. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. The Roseau Valley Farmers' Cooperative was formed on 1 January 2011. There are 8 000 farmers, EACH of whom contributed \$20 towards the purchase of initial shares. At the end of the first year of operation, the cooperative realized a surplus of \$268 500.

The Board of Management made the following decisions:

- A total of \$80 000 is to be paid out in patronage refund.
- 20% of surplus is to be transferred to a Statutory Reserve Fund.
- 10% of surplus per year is to be reserved in an Education Fund.
- Dividends of 8% are to be paid on members' shares.

- (a) Outline TWO principles or essential features of a cooperative. **(4 marks)**
- (b) Calculate the return on investment for the Roseau Valley Farmers' Cooperative for the year ended 31 December 2011. **(2 marks)**
- (c) Prepare the Appropriation Account for the Roseau Valley Farmers' Cooperative for the year ended 31 December 2011. **(10 marks)**
- (d) Show the capital section ONLY, of the Balance Sheet of the Cooperative as at 31 December 2011. **(4 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) State TWO benefits of using computerized accounting processes. **(2 marks)**
- (b) Identify the type of source document which would be generated in EACH situation (i–v) outlined below:
- (i) A customer paid his account in full.
 - (ii) A customer returned some of the goods previously bought on credit.
 - (iii) The landlord was paid this month's rent by cheque.
 - (iv) A supplier informs his customers of additional charges on goods already shipped.
 - (v) Goods were sold on credit to a customer. **(5 marks)**
- (c) Farnham Enterprises has an overdraft balance of \$13 200 and cash in hand of \$2 890 at the beginning of the month. **On the Cash Book page provided**, enter the following transactions.

May 2011	
3	Purchases of \$2 450 paid by cheque.
6	Cash sales \$5 800.
9	Paid XYZ Corporation for an amount owed of \$4 000 by cheque, after deducting a 10% cash discount.
13	K. Clarkson paid his account of \$1 900 by cash. Farnham has allowed him a 5% cash discount.
18	Deposited \$4 000 of cash on hand in the bank.
21	Benko's Enterprises paid \$3 610 by cheque AFTER taking a discount of 5%.
23	Paid insurance of \$910 by cheque.
25	Paid wages of \$4 700 by cheque.
30	There were drawings of \$3 500 in cash.

(13 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. The following is the trial balance of Flavour Fruit Ltd. as at 31 December 2010.

	\$	\$
Ordinary shares at \$1 each		75 000
5% preference shares at \$5 each		100 000
Share premium		25 500
Retained earnings		32 150
Gross profit		147 500
Closing inventory	26 200	
Accounts receivable	14 000	
Accounts payable		12 000
Fixed assets at cost	440 000	
Provision for depreciation		160 000
Bad debts	800	
Provision for bad debts		500
Wages and salaries	26 000	
Rent and rates	15 000	
Motor expenses	6 500	
Building repairs	3 750	
Commission revenue		2 600
Office expenses	23 000	
	<u>555 250</u>	<u>555 250</u>

Additional information:

- The company provides for depreciation on fixed assets at 5% of cost.
- The company maintains a provision for bad debts of 5% of year-end accounts receivable.

- (a) Prepare the Income Statement for Flavour Fruit Ltd. for the year ending 31 December 2010. **(8 marks)**

The following additional information is provided:

- The company paid its preference share dividends.
 - An ordinary dividend of \$0.10 per share was paid to shareholders.
 - \$15 000 was transferred to a general reserve.
- (b) Prepare the Appropriation Account for Flavour Fruit Ltd. for the year ending 31 December 2010. **(7 marks)**
- (c) Prepare the Capital & Reserve Section of the Flavour Fruit Ltd. Balance Sheet. **(5 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) Read the following passage and answer the questions that follow.

Jerome Perkins is a manager of a company. He is paid monthly. For the month of December 2011, he earns his regular monthly pay of \$7 500 plus \$5 000 from his company's annual profit. Each month, at his request, the company sends \$400 to his credit union. As required by the government, the company takes \$150 for the month for National Insurance. Each month, the company pays \$750 towards Jerome's retirement.

Identify the specific term used to describe EACH of the following in relation to Jerome Perkins' circumstances.

- (i) Monthly pay
- (ii) Additional earnings paid out of company's profits
- (iii) Contribution to the credit union requested by employee
- (iv) Contribution to National Insurance required by the government
- (v) Regular amounts paid to employees when they have retired

(5 marks)

- (b) David Ayliffe is employed as a technician with a manufacturing company. His regular pay is \$20 per hour. The regular work week is 40 hours. Overtime is paid at time and a half.

The following deductions are made:

National Insurance – 4% of gross earnings
Pension contribution – 10% of gross earnings

Income tax is charged as follows:

Taxable Pay	Tax Rate
First \$500	0%
Over \$500	25%

David worked 55 hours in a particular week. **On the pay slip provided as an insert, calculate David's net earnings for the week. (Show your working.)**

(15 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2012025



TEST CODE **01239020**

JANUARY 2012

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Candidate No: _____

Centre No: _____

Work Sheet (pay slip) for Question 7. (b)

PARTICULARS		WORKINGS	
Normal hours worked			
Normal pay rate		\$	
Normal earnings			\$
Overtime hours worked			
Overtime pay rate		\$	
Overtime earnings			\$
Gross earnings			\$
Deductions:	National Insurance	\$	
	Pension Contributions	\$	
Total deductions			\$
Taxable earnings			\$
Income tax			\$
Net earnings			\$

FORM TP 2012026



TEST CODE **01239032**

JANUARY 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

06 JANUARY 2012 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the Answer Booklet provided and return it.
3. You may use a silent, non-programmable calculator to answer questions.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2011 Caribbean Examinations Council
All rights reserved.

01239032/JANUARY/F 2012

INSTRUCTION: This paper consists of a case study and eleven questions. The case study is divided into three parts. Study the case and answer the questions that follow.

PART A

Peppy is the sole proprietor of Cuisine Karaibe, a restaurant which specializes in Caribbean dishes. At 1 October 2011, Peppy presents the following information:

Assets and Liabilities	\$
Cash	3 500
Premises	50 000
Supplies	1 200
Furniture & fixtures	9 600
Receivables	2 250
Motor vehicle	6 700
Mortgage	36 000
Inventory	2 400
Bank	28 000
Payables	7 800

1. List the assets, in the table above, in order of permanence, starting with the MOST permanent. **(2 marks)**
2. From the list above, identify ONE item that is a long-term liability. **(1 mark)**
3. Calculate the amount of Peppy's capital. **(3 marks)**
4. Prepare a classified Balance Sheet in vertical style for Cuisine Karaibe as at 1 October 2011. **(7 marks)**
5. Name ONE asset item, other than those listed in the table above, which Peppy can use in his business. **(1 mark)**

GO ON TO THE NEXT PAGE

PART B

Peppy is a new student in Accounting. Below is part of his homework.

		Source Document	Journal for Recording Entry	Name of Account	
				Debited	Credited
(a)	A customer paid Peppy for her order by cheque.				
(b)	Peppy paid the kitchen helper in cash.				
(c)	Peppy received some fresh produce from a local farmer. The farmer will be paid next week.				
(d)	Peppy sent back some canned fruit to supplier as it was an incorrect order.				
(e)	Peppy took some money from the bank for his private use.				

6. Help Peppy by completing correctly the form **provided as an insert**. (8 marks)

GO ON TO THE NEXT PAGE

PART C

After one month of accounting classes, Peppy was able to prepare the following list on balances at the end of three months' trading on 31 December 2011:

	\$	\$
Sales		38 190
Purchases	7 200	
Returns out		450
Wages & salaries	5 545	
Telephone	450	
Cleaning	1 850	
Electricity	3 780	
Water	360	
Closing inventory	505	

7. Prepare the Income Statement for Cuisine Karaibe for the three months ended 31 December 2011. **(6 marks)**

GO ON TO THE NEXT PAGE

Peppy has now learnt about adjusting accounts in the Income Statement. He realizes that the following accounts have to be adjusted to increase (+) expenses or reduce (–) expenses.

Adjustments:

- (i) A telephone bill for \$425 which arrived at the end of the month was not paid.
- (ii) Water is rated at \$60 per month, and 3 months water rate was paid in advance.
- (iii) The mortgage of \$36 000 carries interest at the rate of 9% per year. The interest has not been paid.
- (iv) The value of furniture and fixtures is \$9 600. This is depreciated at the rate of 20% per year on cost.

8. Copy and complete the table below to show how the adjustments above are to be made. (7 marks)

No.	Name of Account to be Adjusted or Created	Amount and type of Adjustment (+\$ OR –\$)
(i)		
(ii)		
(iii)		
(iv)		

9. The industry's average profit is \$5 000 per month for a similar sized business. How does Peppy's business compare with other similar businesses? (1 mark)
10. Calculate Peppy's three-month return on investment. (Show your working.) (2 marks)
11. Identify ONE current asset and ONE current liability which Peppy will carry over into the new period, after the preparation of the Income Statement. (2 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2012026



TEST CODE **01239032**

JANUARY 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

Candidate No: _____

Centre No: _____

Work Sheet for Question 6.

		Source Document	Journal for Recording Entry	Name of Account	
				Debited	Credited
(a)	A customer paid Peppy for her order by cheque.				
(b)	Peppy paid the kitchen helper in cash.				
(c)	Peppy received some fresh produce from a local farmer. The farmer will be paid next week.				
(d)	Peppy sent back some canned fruit to supplier as it was an incorrect order.				
(e)	Peppy took some money from the bank for his private use.				

(8 marks)

ATTACH THIS SHEET TO YOUR ANSWER BOOKLET

FORM TP 2012106



TEST CODE **01239020**

MAY/JUNE 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

16 MAY 2012 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL the questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent, electronic calculators may be used, but ALL necessary working should be clearly shown.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2011 Caribbean Examinations Council
All rights reserved.

01239020/F 2012

SECTION I

Answer the THREE questions in this section.

- 1.** An accounting student prepared the following trial balance for Heavy Metal Enterprises for the year ended 31 December 2011 and inserted the amount of \$51 200 for capital.

	Dr \$	Cr \$
Bank overdraft	26 500	
Cash on hand	3 200	
Provision for bad debts		8 200
Bad debts		5 000
Accounts receivable		49 100
Accounts payable		54 200
Long-term loan		75 000
Carriage inwards		3 600
Carriage outwards	4 500	
Commissions received	6 200	
Rent paid		12 000
Equipment at cost	90 000	
Accumulated depreciation (equipment)	30 500	
Motor vehicle at cost		68 000
Accumulated depreciation (motor vehicle)	15 400	
Salaries	40 000	
Inventory	16 800	
Purchases		74 600
Sales	125 000	
Miscellaneous expenses	36 400	
Returns outwards	3 600	
Returns inwards	2 800	
Capital		51 200
	<u>400 900</u>	<u>400 900</u>

- (a) Prepare the corrected trial balance for Heavy Metal Enterprise showing clearly the correct amount for Capital. **(13 marks)**
- (b) You are presented with the following day books:

Sales Day Book		
2011		Amount
1 September	U. Plumber	\$ 7 200
4 September	V. Henry	\$ 4 150
13 September	V. Henry	\$ 2 100
20 September	U. Plumber	<u>\$ 1 396</u>
		<u>\$14 846</u>

GO ON TO THE NEXT PAGE

Return Inwards Day Book

2011		Amount
3 September	U. Plumber	\$1 000
9 September	V. Henry	<u>\$1 950</u>
		<u>\$2 950</u>

Cash Book

		Disc	Cash	Bank			Disc	Cash	Bank
2011		\$	\$	\$	2011		\$	\$	\$
1 Sept	Bal b/d		2 645	10 500	25 Sept	Rent		700	
4 Sept	U. Plumber	100		5 100	25 Sept	Wages			2 500
24 Sept	V. Henry	60		6 040					
					30 Sept	Bal c/d		<u>1 945</u>	<u>19 140</u>
		<u>160</u>	<u>2 645</u>	<u>21 640</u>				<u>2 645</u>	<u>21 640</u>

- (i) Post the information from the day books in the personal account of U. Plumber and balance the account. **(3 marks)**
- (ii) Prepare the Debtors Control Account and any other account in the General Ledger for the month of September. **(4 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. The Sales Ledger of JJ's Paradise showed the following balances at 31 December 2010.

Account Title	Amount
Nat Lewis	\$ 850
Jeb Steven	\$3 600
Anna Tomas	\$ 450

Mr JJ has decided to write off these three receivables as bad debts.

- (a) (i) Prepare the journal entry on page 5 of JJ's journal to write off the three receivables. **(Narrative required)** **(7 marks)**

The remaining receivables totalled \$28 320 at 31 December 2010. Mr JJ believes that 10% of these outstanding receivables are **LIKELY** to become bad debts. He wishes to make adequate provision for these doubtful debts.

- (ii) Prepare the journal entry with a narrative, to create the Provision for Doubtful Debts Account. **(4 marks)**

On 31 December 2011, Mr JJ's receivables **AFTER** bad debts totalled \$25 000. He decided to use the same rate of 10% as the previous year in accounting for doubtful debts.

- (iii) Draw up the Provision for Doubtful Debts Account for the **TWO** years, 1 January 2010 to 31 December 2011, to show the change in the provision. Balance the account at the end of **EACH** year. **(5 marks)**

- (b) (i) State **ONE** reason why adjustments are made to financial statements. **(1 mark)**

- (ii) Identify **ONE** concept which guides adjustments to financial statements. **(1 mark)**

- (iii) Explain how the concept identified in (b) (ii) above guides adjustments made to financial statements. **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. (a) V. Cheeseman is preparing his summary accounts for the month ended 31 August 2011. He finds the following errors which may or may not affect the summary of the bank account entries in his Cash Book.

- A purchase of \$303, paid by cheque, was recorded in both accounts as a purchase of goods valued at \$330.
- A cheque for \$467 sent to creditor R. Sant had been recorded in R. Sant's account ONLY.
- A cheque received from C. Samnah for \$290 was debited in Samnah's account and credited in the Cash Book.

- (i) Prepare the journal entries to correct the errors above. (**Narratives not required.**) (7 marks)
- (ii) V. Cheeseman records the following figures in his summarized Cash Book BEFORE correcting the relevant errors:

**Summarized Cash Book (bank columns only)
for the month ended 31 August 2011**

	\$
Opening balance	1 560
Receipts	<u>8 910</u>
	10 470
Payments	<u>(7 900)</u>
Closing balance	<u><u>2 570</u></u>

Beginning with the incorrect balance of \$2 570, correct the summarized Cash Book for the relevant errors given above. (**Show all working.**) (5 marks)

- (b) The following information is recorded in EITHER the bank statement or in V. Cheeseman's Cash Book but NOT in both.

	\$
Bank charges	120
Standing order for vehicle insurance	600
Cheque dated 30 August 2010 sent to supplier	570
Cheque returned stamped "Insufficient Funds"	390
Direct deposits from debtors	4 500
Deposit to bank on 31 August 2011	990

The bank statement for the month ended 31 August 2011 shows a balance of \$5 680.

- (i) Using the corrected summarized Cash Book balance from a (ii) above, draw up an updated Cash Book for the month ended 31 August 2011. (5 marks)
- (ii) Starting with the updated Cash Book balance, draw up a Bank Reconciliation Statement for V. Cheeseman for the month ended 31 August 2011. (3 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. P and G are two sole traders who decided to trade under the partnership name of PG Enterprises. The following are lists of balances for EACH trader before the formation of the partnership.

P	
	\$
Equipment	14 000
Payables	6 000
Inventory	12 600
Receivables	3 400
Cash	10 000
Loose tools	1 800
Bank overdraft	5 800

G	
	\$
Motor vehicle	8 000
Stationery	700
Premises	60 000
Cash	1 300
Mortgage	34 000

- (a) (i) Prepare individual opening entries as at 1 May 2012 to record EACH sole trader's contribution to the partnership. **(7 marks)**
- (ii) Prepare a classified summarized Balance Sheet for PG Enterprises, as at 1 May 2012, using the order of permanence. **(7 marks)**
- (b) The two partners anticipate a profit of \$99 000 at the end of the first year's trading, but have not yet decided what profit-sharing ratio to adopt.

Calculate EACH partner's share of profit under the following schemes:

- (i) In capital sharing ratio **(2 marks)**
- (ii) In the ratio 3:7 **(2 marks)**

Show all working.

- (c) List TWO features, other than the profit sharing ratio, that should be included in P and G's partnership agreement. **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) Explain, in ONE sentence, the meaning of EACH of the following statements:
- (i) The owners of a corporation benefit from limited liability.
 - (ii) Farris London, a shareholder, wants to know what the Board of Directors of Aries Limited does.
 - (iii) The Registrar of Companies has received the documents required to start up the new corporation. **(3 marks)**

- (b) Aries Limited has an authorized share capital of 200 000 one dollar (\$1) Ordinary Shares and 100 000 one dollar (\$1) 8% Preference Shares. On 1 April 2011, the following balances were listed in its books:

	\$
165 000 Ordinary Shares @ \$1 EACH	165 000
83 000 8% Preference Shares @ \$1 EACH	83 000
10% Debentures	41 000

On 1 April 2011, Aries Limited

- issues the remaining Ordinary and Preference shares for cash and
- buys back \$21 000 in debentures with the cash received

Draft General Journal entries to record

- (i) the issue of the remaining ordinary shares at \$1.50 EACH. **(5 marks)**
- (ii) the issue of the remaining preference shares at \$1.00 EACH. **(2 marks)**
- (iii) the reduction in debentures. **(3 marks)**

Narratives not required.

- (c) Other balances found on the books include:

	\$
Profit and Loss Account before interest on debentures	90 000
Retained earnings	40 100
General reserve	51 500

On 31 May 2011, the directors agreed to the following:

- Pay the interest due on the **remaining** debentures
- Transfer \$51 500 to general reserve
- Provide for the dividend to all holders of Preference Shares
- Provide for a dividend of 12% to all holders of Ordinary Shares

Prepare the Appropriation Account for Aries limited for the year ended 31 May 2011.

Show all working. **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

6. Simon Long makes decorative concrete ornaments. He recorded the following information about his manufacturing operations for the year ended 31 December 2011.

	\$	\$
Inventory at 1 January 2011		
Direct materials		6 500
Indirect materials	400	
Work-in-progress	12 500	
Finished goods	45 000	
Inventory at 31 December 2011		
Direct materials		8 000
Work-in-progress	15 100	
Finished goods	38 400	
Other items recorded were as follows:		
Purchases of direct materials	70 100	
Purchases of indirect materials	6 200	
Returns outwards of direct materials	2 500	
Transportation costs on materials	1 000	
Factory wages	59 000	
Supervisors' salaries	12 600	
Direct expenses	6 800	
Factory power	5 700	
General factory expenses	13 000	
Annual depreciation on factory equipment and building	3 500	

Note: 90% of transportation costs relates to direct materials and 10% to indirect materials.

- (a) Calculate the following costs for Simon Long:
- (i) Direct materials consumed **(4 marks)**
- (ii) Indirect materials used **(3 marks)**
- (b) Prepare the Manufacturing Account for Simon Long for the year ended 31 December 2011.
- Show clearly the
- cost of direct materials consumed
 - prime costs
 - factory overheads
 - cost of production. **(11 marks)**
- (c) Calculate the cost of goods sold. **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. Liontown Co-operative was formed to produce souvenirs for the booming tourist market. The co-operative started with share capital of \$55 000 in \$1 shares. The co-operative is now two years old and records the following information for the first two years of operation.

	31 December 2010	31 December 2011
	\$	\$
Cost of sales	38 000	81 000
Sales	70 000	290 000
Expenses	21 000	46 000
Creditors	2 300	4 600
Loans to members	-	120 300
Interest due from members		2 100
Loan from Cooperative Union Bank	-	100 000
Equipment	-	40 000
Portable stalls	-	4 500
Inventory	5 100	29 300
Bank	60 500	126 400

The co-operative paid out dividends of 10¢ per share in its first year of operation and transferred the remainder to a Members' Education Fund.

- (a) Prepare the Income Statement and the Appropriation Account for Liontown Co-operative for the first year ended 31 December 2010. **(6 marks)**
- (b) During the second year of operation, Liontown Co-operative began lending money to members who wished to start their own small business.
- (i) Identify the type of co-operative under which Liontown was classified in the operation of its
- a) first year
- b) second year.
- (ii) Name ONE committee that Liontown is **LIKELY** to use to carry out its business.
- (iii) State ONE purpose of the Members' Education Fund. **(4 marks)**
- (c) For the year ended 31 December 2011, the Board of Directors records a surplus of \$157 500. The board plans to
- transfer \$32 600 to the Members' Education Fund
 - pay out \$27 500 in dividends
 - leave the remainder as undistributed profits.

Prepare a classified Balance Sheet for Liontown Co-operative for the year ended 31 December 2011 (second year of operation) taking the appropriation of the surplus into consideration. **(10 marks)**

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2012107



TEST CODE **01239032**

MAY/JUNE 2012

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

16 MAY 2012 (p.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the booklet provided and return it.
3. Silent, electronic calculators may be used, but ALL necessary working should be clearly shown.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2011 Caribbean Examinations Council
All rights reserved.

01239032/F 2012

On 1 January 2012, Steve Belafonte, who owned a gardening business, had the following balances on his books:

	\$
Vehicle	22 000
Lawn mowers	2 500
Bank loan (3 years)	4 500
Stock of fertilizer supplies @ \$13 each	900
Stock of 51 flowerbed starters	663
Bank overdraft	3 690
Petty cash	407
Persons owing for gardening jobs	7 500
Provision for bad debts	150
Creditor	4 160

1. State the name of the **ledger** in which the following accounts would appear:
 - (a) persons owing Steve for gardening jobs
 - (b) owner's investment (2 marks)
2. Prepare a classified Balance Sheet as at 1 January 2012, in vertical style, including the calculation of Steve's capital as at that date. (9 marks)
3. Steve intends to expand his business in the next six months. Suggest why he might receive assistance from a lender or investor if he presents a balance sheet for the business. (1 mark)
4. In the 3 months of operation, October 2011 to December 2011, Steve's net profit was \$ 4 834 and his drawings were \$2 700. Using this information and information in the list of balances above, calculate
 - (a) Steve's opening capital as at 1 October 2011
 - (b) the return on opening capital employed (ROCE) for the three months ended 31 December 2011. **(Show working)** (5 marks)

GO ON TO THE NEXT PAGE

On 1 April, Steve's accountant fell ill. Before proceeding on leave, he left the following information for Steve:

PAYMENTS (all made by cheque)

Each month	Payment of wages	\$1 400
for 3 months	Drawings	\$1 000
	Rent expense	\$ 300

January	18 bags of fertilizer @ \$90 per bag
	Repayment of bank loan \$3 000
	Insurance \$1 800
	50 packs of assorted flowerbed starters @ \$15 per pack

February	3 garden forks @ \$120 EACH
	84 packs of assorted flowerbed starters @ \$17 per pack

March	70 packs of assorted flowerbed starters @ \$14 per pack
	Vehicle repairs \$ 900
	Farmdale Gardening supplies \$ 8 450
	1 motorized lawn mower \$15 000 (Cost to be depreciated over three years, using the straight-line method)

RECEIPTS (all received in cheque)

January	Collected \$6 150 from unpaid jobs before 1 January 2012
	Completed 3 jobs @ \$2 600 EACH

February	Completed 2 jobs @ \$3 800 EACH (including the use of 120 flowerbed starters)
	Completed 5 jobs @ \$3 200 EACH (including the use of 81 flowerbed starters)

March	Sold 2 non-motorized lawn mowers @ \$800 EACH
	Completed 4 jobs @ \$2 900 EACH

5. State the name of the source document used by Steve when receiving or making payments by cheque. **(1 mark)**
6. Starting with the opening balance from the list of balances above, prepare a Bank Account, for EACH month, balancing the account as at 31 March 2012 only. **(10 marks)**

GO ON TO THE NEXT PAGE

7. Name ONE item of capital expenditure and ONE item of revenue expenditure shown in the Cash Book. **(2 marks)**
8. Copy the table below into your answer booklet and using the first-in-first-out (FIFO) method, calculate the value of the stock of flowerbed starters as at 31 March 2012. (N.B. include the stock of flowerbed starters at 1 January 2012.) **(4 marks)**

Stock valuation of flowerbed starters

Units available for use	
Units used	
Units unused	
Value of units unused	

Steve's accountant also noted the following:

- Depreciation on the motorized lawn mower was to be calculated for the three-month period, 1 April 2012 to 30 June 2012.
 - The provision for bad debts amount is to be changed to \$250.
9. Calculate the amounts to be shown in the Profit and Loss Account for the period 1 April 2012 to 30 June 2012 for
- (a) the Provision for Depreciation on the motorized lawn mower
 - (b) the Provision for Bad Debts Account. **(2 marks)**

Steve's accountant noted as well that the insurance payment of \$1 800 was for a nine-month period from 1 January 2012.

10. Prepare the Insurance Expense Account for Steve, as at 31 March 2012, showing
- (a) the amount paid
 - (b) the adjustment to be made for the information above
 - (c) the entry to close the account. **(4 marks)**

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2013025



TEST CODE **01239020**

JANUARY 2013

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

08 JANUARY 2013 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Sections I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. You may use a silent, non-programmable calculator to answer questions.
5. Each question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2012 Caribbean Examinations Council
All rights reserved.

01239020/JANUARY/F 2013

SECTION I

Answer the THREE questions in this section.

1. (a) On 1 May 2012, the owner of a business started with \$80 000 in the bank. Below are his three Balance Sheets on 1 May, 2 May and 3 May 2012.

Balance Sheet as at 1 May 2012			
ASSETS		CAPITAL	
	\$		\$
Bank	80 000	Capital	80 000

Balance Sheet as at 2 May 2012			
ASSETS		CAPITAL	
	\$		\$
Bank	72 500	Capital	80 000
Equipment	7 500		
	<u>80 000</u>		<u>80 000</u>
	<u><u>80 000</u></u>		<u><u>80 000</u></u>

Balance Sheet as at 3 May 2012			
ASSETS		CAPITAL	
	\$		\$
Bank	67 500	Capital	75 000
Equipment	7 500		
	<u>75 000</u>		<u>75 000</u>
	<u><u>75 000</u></u>		<u><u>75 000</u></u>

Describe the transaction that occurred on

(i) 2 May (2 marks)

(ii) 3 May (2 marks)

GO ON TO THE NEXT PAGE

- (b) R. Robin commenced operation of a small restaurant on 1 June 2011 with an operating capital of \$307 800. He did not set up a proper accounting system. However, he provided the following information certified by his accountant:

	31 May 2012
	\$
Building	260 000
Furniture and fixtures	15 000
Vehicles	48 500
Machinery and equipment	40 000
Receivables (debtors)	11 600
Payables (creditors)	8 900
Inventory	14 200
6-month loan	2 300
Mortgage	140 000
Cash	3 200
Bank	2 600

Using the **order of permanence**, draw up a classified Balance Sheet (Statement of Financial Position) for R. Robin at the close of the business on 31 May 2012. The closing capital must be included. **(11 marks)**

- (c) R. Robin advises that during the first year of operation, he withdrew \$65 000 from the business.

Using information on closing capital, calculate R. Robin's profit for the year. **Show your working clearly.** **(5 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. The following information has been extracted from the books of Threaker and Waitley who have been in partnership for several years.

Partners' Capital Account at 1 January 2012:

Threaker	\$80 000
Waitley	\$100 000

Partners' Current Account at 1 January 2012:

Threaker	\$4 800	Cr
Waitley	\$7 300	Dr

Partners' Drawings for the year ended 31 December 2012:

Threaker	\$44 000
Waitley	\$36 000

Net profit for the year ended 31 December 2012 = \$172 000.

The partnership agreement between Threaker and Waitley provides for the following:

- (i) Partners are to receive interest at a rate of 10% per annum on their opening capital account balances.
 - (ii) Interest at a rate of 5% per annum is to be charged on partners' drawings during the year.
 - (iii) Waitley is to receive a partnership salary of \$1 500 **per month**.
 - (iv) The balance of the net profit or loss is to be transferred to partners in the ratio 2:3.
-
- (a) Prepare the partnership Profit and Loss Appropriation Account for the year ended 31 December 2012. **(8 marks)**
 - (b) Prepare Current Accounts for the partnership as at 31 December 2012. **(10 marks)**
 - (c) Share the profit of the business between Threaker and Waitley as if there was no partnership agreement. **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. James Johnson operates a small retail shop next to his home in Spice Town. He does not keep proper accounting records but was able to provide the following information as at 31 December 2012.

Bank A/c			
	\$		\$
Balance b/d	12 800	Drawings	6 500
Receipts from debtors	190 500	Wages	21 200
		Rent	16 000
		Payment to creditors	136 100
		Sundry expenses	7 000
		Balance c/d	16 500
	<u>203 300</u>		<u>203 300</u>
Balance B/d	16 500		

Additional information	31 December 2011	31 December 2012
	\$	\$
Cash in hand	1 500	600
Rent prepaid	4 000	0
Wages owing	600	1 000
Inventory	30 200	28 600
Equipment at cost	75 000	75 000
Accumulated depreciation	20 100	27 600
Accounts payable (creditors)	13 200	14 400
Accounts receivable (debtors)	20 400	18 100

- (a) Using all relevant information prepare James Johnson's Statement of Affairs as at 31 December 2011 to determine his capital. **(7 marks)**
- (b) Calculate by means of an account or statement:
- (i) Total credit purchases for the year. **(3 marks)**
- (ii) Total credit sales for the year. **(3 marks)**
- (c) Prepare James Johnson's Income Statement for the year ended 31 December 2012. **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. K.A.M. Enterprise provided the following summary of their income statement for the year ended 31 December 2012.

K.A.M. Enterprise
Income Statement for the year ending 31 December 2012

	\$	\$
Sales revenue		75 000
Beginning inventory	12 000	
Purchases	40 000	
	<u>52 000</u>	
Less ending inventory	<u>(8 000)</u>	
Cost of goods sold		<u>44 000</u>
Gross profit		31 000
Expenses		<u>21 000</u>
Net income		<u><u>10 000</u></u>

The following list of balances was also provided.

	\$
Capital	50 000
Buildings	26 500
Inventory	8 000
Accounts payable (creditors)	10 000
Cash	6 500
Bank overdraft	5 000
Accounts receivable (debtors)	14 000
Motor vehicles	20 000

GO ON TO THE NEXT PAGE

- (a) Using the vertical style of presentation, prepare a classified Balance Sheet for K.A.M. Enterprise as at 31 December 2012. **(10 marks)**
- (b) Using the income statement given and the classified balance sheet prepared, calculate the following ratios:
- Net income margin
 - Return on capital invested
 - Current ratio
- (5 marks)**
- (c) Using the current ratio, comment on the liquidity position of K.A.M. Enterprise. **(1 mark)**
- (d) The following ratios were provided for TRU Brothers Enterprise, which operates a similar business:
- Net income margin 15%
 - Return on capital invested 18%

Using these ratios and those calculated in (b) above, make two different comments comparing the performance of K.A.M. Enterprise and TRU Brothers Enterprise. **(2 marks)**

- (e) TRU Brothers Enterprise has recorded the following changes in stock during December 2012.

	Units	Cost Price (\$)
Opening Stock	500	14
<u>Purchases</u>		
4 December	500	10
10 December	700	12
14 December	300	11
Sales – 22 December	1 400	

Calculate the value of TRU Brothers Enterprise's ending inventory, using the First In, First Out method of stock valuation. **(N.B. State amount of units in inventory at close.)** **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

5. GlenRoy Enterprises consists of two small businesses. Glen Co. which makes fresh fruit juices and Roy Co. which packages dried fruits into different combinations called Fruitysnaks. On 31 December 2012, the following balances were prepared by the two firms.

	GLEN CO.	ROY CO.
<u>Opening stock</u>	\$	\$
Fresh fruits	1 340	
Dried fruits		2 490
<u>Purchases</u>		
Fresh fruits	145 670	
Dried fruits		271 000
<u>Closing stock</u>		
Fresh fruits	2 850	
Dried fruits		5 470
Wages	51 800	31 500
Salaries of supervisors	30 560	18 900
Transportation-in of fresh fruits	5 950	
Insurance	2 430	2 300
Juicing machines	26 900	
Packaging machines		30 900
<u>Provision for depreciation:</u>		
Juicing machines	5 380	
Packaging machines		6 180
Maintenance expenses	4 100	3 810
Packaging expenses		17 900
Delivery costs to supermarkets		7 520
Advertising expense		2 080
Opening work in progress	3 710	
Closing work in progress	3 100	
Sales		406 500

GO ON TO THE NEXT PAGE

Notes:

- (i) Electricity expense of \$10 400 and rent expense of \$47 000 are shared equally between the two firms.
 - (ii) Depreciation on all fixed assets is calculated at 10% on cost.
- (a) Prepare the Manufacturing Account of Glen Co. for the year ended 31 December 2012 showing clearly:
- the cost of raw materials consumed
 - prime cost
 - factory overheads
 - cost of production
- (10 marks)**
- (b) Prepare the Income Statement (Trading and Profit and Loss Account) of Roy Co. for the year ended 31 December 2012 showing clearly the cost of sales and total expenses.
- (10 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

6. The Merry Men Sports and Social Club presented the following information regarding their business.

Merry Men Sports and Social Club
Receipts and Payments Account for the year ended 31 October 2012

	\$		\$
Bal b/d	9 000	Rent	2 400
Members' subscriptions	5 400	Purchases of bar supplies	12 600
Gifts	200	Bar expenses	4 700
Interest on savings	350	Luncheon expenses	2 800
Bar takings	22 500	Lawn mower	5 000
Luncheon tickets	4 500	Other expenses	1 900
		Bal c/d	12 550
	<u>41 950</u>		<u>41 950</u>

Additional information:

	1 Sept 2011	31 Oct 2012
	\$	\$
Subscriptions in arrears	340	460
Subscriptions in advance	290	220
Owing to bar suppliers	3 400	3 650
Bar inventory	1 200	1 800
Rent owing	0	200
Valuation of club furniture	26 500	24 200

Note: The list of balances does not include the lawn mower bought during the year which is depreciated at 10% per annum on cost.

GO ON TO THE NEXT PAGE

- (a) Prepare the Subscriptions Account for the year ended 31 October 2012. **(5 marks)**
- (b) Prepare the Creditors' Account for the bar to determine purchases. **(3 marks)**
- (c) Prepare the club's Income and Expenditure Account for the year ended 31 October 2012. **(9 marks)**
- (d)
 - (i) State the name of the section of the balance sheet in which subscriptions in arrears appears. **(1 mark)**
 - (ii) State the name of the term used in place of 'Capital', in non-trading organizations. **(1 mark)**
 - (iii) Show the total value of the club's non-current assets. **(Show working.)**
(1 mark)

Total 20 marks

GO ON TO THE NEXT PAGE

7. MMC Company Ltd. has an authorized share capital of 300 000 ordinary shares of \$2 each and 100 000 six per cent (6%) preference shares of \$3 each. On 1 January 2012, the company issued the following:

200 000 ordinary shares at \$2.50 each
80 000 six per cent preference shares at \$3.25 each

All shares were fully subscribed (sold).

- (a) (i) Prepare the journal entry to record the issue of the shares. **(5 marks)**
- (ii) State ONE difference between ordinary shares and preference shares. **(1 mark)**
- (b) MMC Company Ltd. generated revenue of \$755 800 and a net profit of \$302 600 for the year ended 31 December 2012. The company has decided to share the net profit as follows:

Transfer to general reserve fund	\$90 000
Dividends paid: Ordinary shareholders Preference shareholders	\$55 000 Their entitlement

Prepare a statement of MMC Company Ltd's Profit and Loss Appropriation Account for the year ended 31 December 2012. **(6 marks)**

- (c) (i) Calculate for MMC Company Ltd:
- a) Return on the capital invested at 1 January 2012 **(2 marks)**
- b) Dividend rate (percentage) for ordinary shareholders **(4 marks)**
- (ii) The following ratios are averages of the industry:

Company's return on capital invested	30.82 %
Ordinary shareholders' dividend rate	10.5 %

Compare your answers from the ratios calculated for (c) (i) above, to the industry averages given above, and write a statement on MMC's performance for EACH ratio. **(2 marks)**

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2013026



TEST CODE **01239032**

JANUARY 2013

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. ALL answers MUST be written in this booklet.
3. You are advised to take some time to read through the paper and plan your answers.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2012 Caribbean Examinations Council
All rights reserved.

INSTRUCTIONS: This paper consists of a case study and TWELVE questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.

CASE STUDY

PART A

Sita's Hairdressing Salon specializes in providing hairdressing services and selling beauty supplies.

1. State the name of ONE type of journal that Sita is LIKELY to use in her business.

(1 mark)

On 1 January 2012, Sita provided the following valuations.

	\$
Premises	180 000
Wigs and Weaves	15 000
Beauty Supplies	9 500
Unpaid Mortgage Interest	5 950
Furniture and Fixtures	7 700
Receivables (Debtors)	8 400
Equipment	24 600
Mortgage	92 000
Vehicles	60 000
Payables (Creditors)	9 800
Cash and Bank	5 000
Stationery Supplies	800

GO ON TO THE NEXT PAGE

2. Complete the table below to show the current assets, non-current assets, current liabilities and their totals. **One has been done for you as an example.**

Current Assets	Amount \$	Non-current Assets	Amount \$	Current Liabilities	Amount \$
Wigs and weaves	15 000				
Total					

(10 marks)

- 3.** State the balance sheet equation.

(1 mark)

- 4.** Calculate the value of Sita's capital at 1 January 2012.

(4 marks)

5. Identify a suitable ratio for measuring Sita's liquidity position.

(1 mark)

6. Using the ratio identified in Question 5, calculate Sita's liquidity position at 1 January 2013. **Show working clearly.**

(3 marks)

7. State whether Sita's liquidity position is acceptable. State ONE reason to support your answer.

(2 marks)

PART B

Sita makes the following transactions during the month of June.

- On 1 June, sold \$900 worth of goods for cash.
- On 2 June, bought \$1 500 worth of goods from Mac & Co. on credit terms of 5/10, n/30.
- On 3 June, returned \$300 worth of goods to Mac & Co.
- On 4 June, bought \$10 000 worth of equipment by cheque.

8. Complete the form below by indicating for EACH transaction:

- which account to debit and which account to credit
- the type (classification) of account
- the affect of the transaction on the net income

One has been done for you as an example.

	Name of Account	Type of Account	Effect of Transaction on calculation of Net Income (Net Profit) (Tick the appropriate column)		
			INCREASE	DECREASE	NONE
1 June	DEBIT: Cash	Real			√
	CREDIT: Sales	Nominal	√		
2 June	DEBIT:				
	CREDIT:				
3 June	DEBIT:				
	CREDIT:				
4 June	DEBIT:				
	CREDIT:				

(9 marks)

GO ON TO THE NEXT PAGE

9. State ONE reason for the effect of the transaction on 3 June on the calculation of Net Income.

(1 mark)

10. Sita paid off her account with Mac & Co. on 5 June. Prepare the account of Mac & Co. in the ledger of Sita to show all transactions up to payment on 5 June.

(4 marks)

Sita has decided to apply 25% depreciation, on a reducing balance basis, on the equipment which she bought on 4 June. At the end of Year 1, the depreciation expense was \$2 500.

11. Calculate, for Sita, the depreciation expense at the end of Year 2. **Show working clearly.**

(2 marks)

GO ON TO THE NEXT PAGE

12. Calculate the net book value of the equipment bought on 4 June, at the end of Year 2.

(2 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2013106



TEST CODE **01239020**

MAY/JUNE 2013

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

3 hours

24 MAY 2013 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. Silent electronic non-programmable calculators may be used, but ALL necessary working should be clearly shown.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2012 Caribbean Examinations Council
All rights reserved.

SECTION I

Answer the THREE questions in this section.

1. ConEct is a retailer of mobile phones. All of its revenue comes from a percentage of the sales value of VeryBerry mobile phones which it delivers to customers' homes and workplaces. At the end of the financial year, 31 January 2012, the following balances were presented.

	\$
Capital	88 000
Delivery van at cost	60 000
Provision for depreciation: Delivery van	12 000
Bank	121 400
Sales commissions received	115 500
Sales commissions outstanding	14 100
Rent	13 300
Rent owing	3 000
Insurance	7 100
Insurance prepaid	1 800
Delivery expenses	11 500
Salesmen's wages	46 700
5-year bank loan	50 000
Loan interest	5 500

NOTE: The business calculates annual depreciation expense at a rate of 20% on the reducing balance basis.

Using the information provided, prepare for ConEct:

- (a) An Income Statement for the year ended 31 January 2012 **(12 marks)**
- (b) A classified Balance Sheet as at 31 January 2012 **(8 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. (a) The table below shows sources of the Debtors' Ledger Control Accounts.

Source of Information	Book of Original Entry
Total refund to debtors	Cash Book
Total dishonoured cheques	
Total credit sales	
Total returns inwards	
Receipts from debtors	
Total discounts allowed	
Total bad debts	

Copy the table in your answer booklet and complete it to show the Book of Original Entry for EACH source of information. **An example is given.** (6 marks)

L. Somerset presented the following information for the month of October 2012:

	\$
Creditors ledger control account credit balance b/d	25 400
Creditors ledger control account debit balance b/d	1 450
Returns outwards	1 200
Purchases for the quarter	123 900
Payments to creditors	100 300
Refund by cheque from creditor due to damaged item	1 180
Discounts received	2 500
Cheque returned by creditor — presented too late to bank	3 300
Set off of credit amount between debtors ledger and creditors ledger	620
Received from creditor due to overpayment	284

- (b) Prepare the Purchases Ledger Control Account for L. Somerset for the month of October 2012. (9 marks)

On 1 November 2012, L. Somerset discovered the following errors in the accounts.

- A purchase of equipment worth \$2 100 had been included in the purchases figure.
 - The cheque used to pay a creditor had been entered in the bank account as \$12 960 instead of \$12 690.
- (c) Use the general journal to correct the TWO errors above. **Narrative for EACH journal entry is required.** (5 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

3. The accountant employed by Reisse Holdings provided the owner with the following report for the financial year ended 30 June 2012.

“Reisse Holdings showed a current ratio of 4:1 on its current assets of \$60 000. This is a very positive sign because for the year ended 30 June 2011, the ratio was 2:1 on current liabilities of \$12 000.”

(a) Using the formula for current ratio, calculate for Reisse Holdings:

(i) The current assets as at 30 June 2011 (2 marks)

(ii) The current liabilities as at 30 June 2012 (2 marks)

The owner of Reisse Holdings requested additional information on the performance of the business. The accountant presented the following information for the year ended 30 June 2012.

	\$	\$
Sales		250 000
<u>Less: Cost of sales</u>		
Opening stock	6 800	
Purchases	<u>116 000</u>	
Cost of goods available for sale	122 800	
Less: Closing stock	<u>(4 400)</u>	
Cost of sales		<u>(118 400)</u>
Gross Profit		131 600
<u>Less: Expenses</u>		
Rent	11 520	
Maintenance and repairs	1 890	
Discount allowed	1 680	
Wages	38 500	
Depreciation expense	2 570	
Interest on bank loan at 10% per annum	5 540	
		<u>(61 700)</u>
Net Profit		<u><u>69 900</u></u>

GO ON TO THE NEXT PAGE

- (b) Using the appropriate formulae, calculate for Reisse Holdings:
- (i) Average stock (2 marks)
 - (ii) Stock turn (2 marks)
 - (iii) Gross profit percentage (2 marks)

Show all working clearly.

The following additional information was given:

Current assets = \$ 60 000

Fixed assets = \$125 000

Total liabilities = \$ 67 400

Capital = \$ 71 600

Drawings = \$ 23 900

- (c) Prepare a summarized balance sheet for Reisse Holdings as at 30 June 2012.
Show all necessary details in the capital section. (6 marks)
- (d) Calculate the return on capital employed for Reisse Holdings for the year ended 30 June 2012. (2 marks)
- (e) Using any of the ratios calculated above, comment on the performance of Reisse Holdings for the year ended 30 June 2012. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions from this section.

4. Fashion Forward is a manufacturer of clothing. For the year ended 31 December 2012, the enterprise produced 4 500 dresses. The following relates to the manufacturing operations for the period. Some figures are missing.

Inventory at 1 January 2012

Raw material – 300 metres of printed material at \$19 per metre

Work in progress \$ 2 010

Inventory at 31 December 2012

Raw material 340 metres of printed material at \$24 per metre

Work in progress \$ 3 790

Purchase of raw material

4 500 metres at \$19 per metre

2 150 metres at \$24 per metre

Returns outwards of raw material

100 metres at \$24 per metre

Carriage on raw material

\$ 3 400

Direct labour (wages)

Cutters (4 500 dresses at \$15 each)

Stitchers (4 120 dresses at \$12 each)

Pressers (4 000 dresses at \$5 each)

Salary of factory manager

\$38 050

Direct expenses

\$ 8 900

Factory power \$ 8 400

General factory expenses

\$18 050

Annual depreciation on plant and machinery

\$16 000

- (a) After calculating missing figures, prepare an account or statement for Fashion Forward to show the cost of raw materials consumed. **(8 marks)**
- (b) After calculating missing figures, prepare a cost of direct labour statement for Fashion Forward for the year ended 31 December 2012. **(4 marks)**
- (c) Starting with cost of raw materials consumed and direct labour cost calculated in (a) and (b), prepare the Manufacturing Account for the year ended 31 December 2012. **Show all working clearly. (8 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

5. Mark and John are employed by El's creation. They are paid at \$30.00 per hour for a basic 40 hour week. Work done in excess of 40 hours is paid at the rate of time and a half.

(a) During a given week, Mark worked 27 hours and John worked 46 hours. Calculate the gross pay for

(i) Mark (3 marks)

(ii) John (7 marks)

The following additional information relates to the payment of Mark and John.

Social Security contributions are tax deductible and are calculated on gross pay at the rate of 5% .
--

Income Tax deductions are calculated on taxable income at the rate of 10% .

(b) Using your answers from (a) above and the additional information provided in the table above, complete the payroll form which is **provided as an insert**. (8 marks)

(c) State ONE difference between 'statutory deductions' and 'voluntary deductions'. (2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

6. (a) Sautech Credit Union has 1500 members. On 1 January 2013, the following are some of the account balances on the books of Sautech Credit Union.

	\$
Loans to members (due 2016)	145 000
Interest outstanding on loans to members	2 250
Stock of stationery supplies	4 370
Telephone bill unpaid	1 350
Interest income received in advance	2 010
Long-term investments in other co-operatives	78 900
Net book value of equipment	20 000
Mortgage	90 000
Mortgage interest outstanding	2 000
Bank	42 500
Members welfare fund	60 000
Education fund	30 000
Unappropriated profits	42 860

- (i) List the items which are considered fixed assets of Sautech Credit Union.
(2 marks)
- (ii) List the items which are considered current liabilities of Sautech Credit Union.
(2 marks)
- (iii) Draft the Balance Sheet extract to show the Capital section of the Balance Sheet for Sautech Credit Union as at 1 January 2013.
(3 marks)

GO ON TO THE NEXT PAGE

- (b) The board of directors of Sautech Credit Union decided to raise more capital by advertising for new and old members to purchase shares. They have provided the following information on receipts and payments:

2 January 2013

- Advertisements \$31 000
 - Additional office expenses \$6 000
 - Sold 100 000 one dollar (\$1) shares
 - Received registration fees of \$5 EACH from 2 100 new members
 - All receipts and payments were made by cheque
- (i) Prepare the journal entries to record the sale of shares and the receipt of registration fees. **(7 marks)**
- (ii) Prepare the Bank Account of Sautech Credit Union to record the above receipts and payments. Be sure to include the balance at bank as at 1 January 2013. **(6 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. Bacolet Gray owns a small factory which makes items from coconut shells. During her first month of operation, she simply wrote down all of her transactions. Her newly-hired accountant has found the following details of transactions for the month of January 2013.

- The factory was started with the following asset and liability:

Bank balance of \$ 31 890 which included a loan of \$25 000 from the credit union

- All purchases of raw materials for the month were made on credit from S. Francis. Three large orders were made as follows:

1 January	\$13 300
15 January	\$ 9 600
29 January	\$ 7 100

On 22 January, Bacolet paid S. Francis the total amount owed at that time, by cheque. On 31 January Bacolet issued a cheque for \$5 000 to S. Francis on account and was given a discount of 3% of the \$5 000.

- All sales were made on a credit basis to V. Taylor in three large sales orders as follows:

8 January	\$14 300
16 January	\$10 090
27 January	\$15 800

V. Taylor returned \$1 390 worth of goods on 10 January. On 30 January, the amounts owed to Bacolet for sales on 8 January and 16 January **minus** the returns were paid off by cheque. Bacolet granted V. Taylor a discount of 2% on this payment.

- On 31 January, Bacolet recorded the following cheque payments:

\$ 8 000 in factory wages
\$ 3 500 in salary to the factory manager
\$ 1 040 in electricity bills
\$ 2 600 in rent
\$13 620 for a packaging machine
\$ 1 000 on credit union loan

GO ON TO THE NEXT PAGE

- (a) From the above transactions, identify ONE item of revenue expenditure and ONE item of capital expenditure for Bacolet Gray. **(2 marks)**
- (b) (i) Open the T-accounts in the appropriate ledgers, for EACH of the following:
- a) S. Francis
 - b) V. Taylor
 - c) Bank **(3 marks)**
- (ii) In EACH account opened, record the transactions which affect that account. Balance the accounts at the end of the month. **(15 marks)**

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

**C A R I B B E A N E X A M I N A T I O N S C O U N C I L****C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E ®
E X A M I N A T I O N****P R I N C I P L E S O F A C C O U N T S****Paper 02 – General Proficiency**

Candidate No. : _____ Centre No. : _____

Payroll Form for Question 5. (b)

	A	B	C	D	E
Employees	Gross Pay B/f \$	Social Security \$	Taxable Pay \$	Income Tax \$	Net Pay \$
Mark					
John					

FORM TP 2013107



TEST CODE **01239032**

MAY/JUNE 2013

CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. All answers MUST be written in this booklet.
3. You are advised to take some time to read through the paper and plan your answers.
4. You may use a silent, non-programmable calculator to answer questions.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2012 Caribbean Examinations Council
All rights reserved.

INSTRUCTION: This paper consists of a case study and THIRTEEN questions. Read the case study and answer ALL questions in this booklet.

CASE STUDY

Ray Brown started business on 1 January 2012 after inheriting the following from his grandfather.

	\$
Lawn mowers	65 000
Truck	40 000
Bank loan	75 000
Building	100 000
Cash	10 000
Accounts payable	3 000

1. Using the information above, calculate EACH of the following:

(a) Total Assets

(1 mark)

(b) Total Liabilities

(1 mark)

(c) Opening Capital

(2 marks)

2. Identify ONE book of original entry that Ray Brown is LIKELY to use in his business.

(1 mark)

GO ON TO THE NEXT PAGE

3. On 1 January 2012 Ray Brown decided to increase the size of operations by obtaining a loan of \$25 000 from the National Credit Union. He also bought two additional high-powered lawn mowers, at a cost of \$75 000 EACH on credit, from Lawn & Garden Ltd. He agreed to make a down payment of 10% of the total cost of the lawn mowers to Lawn & Garden Ltd, and pay the balance in monthly instalments of \$5 000.

Calculate the down payment made to Lawn & Garden Ltd.

(1 mark)

4. Show journal entries to record:

(a) The loan from the National Credit Union

(2 marks)

(b) The purchase of the high-powered lawn mowers

(3 marks)

5. Explain why Ray's debts to Lawn & Garden Ltd should be recorded as \$60 000 current liabilities and \$75 000 as long-term liabilities on 1 January 2012.

(2 marks)

GO ON TO THE NEXT PAGE

6. Ray indicated that the following transactions were made on a cash basis during the year ended 31 December 2012.

	\$
Revenue (Sales): Landscaping	175 000
Transportation	30 000
Expenses: Interest expense	5 100
Vehicle repairs	6 500
Wages	36 000
Building repairs	2 500
License and road tax	14 300
Vehicle maintenance	48 000
Sundry expenses	12 100

Prepare a Receipts and Payments Account for Ray for the year ended 31 December 2012. **Include ALL previous cash and cheque transactions.**

(8 marks)

GO ON TO THE NEXT PAGE

7. Ray later provided the following additional information.

The landscaping revenue included an amount of \$1 500 paid in advance by James Long for landscaping his yard, in March of 2013.

Using the information given for preparation of the Receipts and Payments Account in Question 6, calculate the TOTAL revenue earned by the business for the year ended 31 December 2012. **Show working clearly.**

(2 marks)

8. The following additional information was provided by Ray.

- \$2 500 was owing to the garage in respect of vehicle maintenance.
- Sundry expenses were prepaid by \$600.

Using the information given for preparation of the Receipts and Payments Account in Question 6, calculate the amount to be shown in the accounts for 2012 for the following expenses. **Show working clearly.**

- (a) Vehicle maintenance

(1 mark)

- (b) Sundry expenses

(1 mark)

GO ON TO THE NEXT PAGE

9. Depreciation was provided as follows:

- Building 5% of cost
- Lawn mowers 20% of cost

Calculate the depreciation expenses on the following. **Show working clearly.**

(a) Building

(2 marks)

(b) Lawn Mowers

(2 marks)

10. List and total the expenses of the business for the year ended 31 December 2012.

Items of Expense

Value

(4 marks)

GO ON TO THE NEXT PAGE

11. Show the net income (net profit) for the year ended 31 December 2012. **Show working clearly.**

(2 marks)

12. Under which heading in the balance sheet would the following items appear?

(a) The prepayment from James Long

(1 mark)

(b) Prepaid sundry expenses

(1 mark)

13. Calculate the net income (net profit) margin, to ONE decimal place, for Ray's business. **Show working clearly.**

(3 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2014025



TEST CODE **01239020**

JANUARY 2014

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

3 hours

07 JANUARY 2014 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page.
3. Keep ALL parts of EACH answer together.
4. You may use a silent, non-programmable calculator to answer questions.
5. EACH question is worth 20 marks.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2013 Caribbean Examinations Council
All rights reserved.

01239020/JANUARY/F 2014

SECTION I

Answer the THREE questions in this section.

1. Isa is a sole proprietorship trading in hair products and accessories. For the year ended 30 April 2013, the following transaction reports on Isa's business were provided.

	\$
Gross Income	68 540
Fixtures and fittings	9 000
Provision for depreciation on fixtures and fittings	1 800
Delivery van	12 000
Provision for depreciation on delivery van	2 360
Receivables (Debtors)	3 200
Provision for Doubtful Accounts	500
Equipment	10 740
Cash	300
Bank	5 880
Discounts received	3 120
Payables (Creditors)	7 700
Rent paid	6 500
Wages and salaries	18 000
Utilities	9 500

NOTES:

- Inventories at 30 April 2013 were valued at \$6 590.
- A Provision for Doubtful Accounts of 10% of outstanding receivables is to be allowed.
- Depreciation is to be provided for as follows:
 - Fixtures & fittings – 10% by the straight line method
 - Delivery van – 20% by the reducing balance method
- Annual rental costs \$6 000.
- \$200 was due for utilities.

GO ON TO THE NEXT PAGE

- (a) Prepare Isa's Income Statement (Profit and Loss Account) for the year ended 30 April 2013. **(14 marks)**
- (b) Calculate the total value of Isa's Current Assets as at 30 April 2013. **Show all working clearly.** **(5 marks)**
- (c) Calculate the monthly rental amount. **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. Go-Low Ltd took inventory for the year ended 31 December 2013. The total of the ending inventory was \$65 400 before the following errors were discovered:

- One inventory sheet was overstated by \$250.
- An inventory sheet total of \$4 657 was transferred to the summary sheet as \$4 567.
- Free samples sent to the company by a supplier were included in the inventory at a cost of \$75.
- Inventory costing \$400 purchased from a supplier on 27 December 2013 was not included in the count.

(a) Prepare a statement showing the correct inventory figure for the year ended 31 December 2013. Show clearly the effect of EACH item in the statement. **(6 marks)**

(b) Go-Low Ltd uses the last in first out (LIFO) method of stock valuation. You are provided with the following information about one of the items in the inventory for the month of December 2013.

Dec 1	Beginning inventory	100 units @ \$3 each	
	Purchases		Sales
Dec 2	250 @ \$3.50 each	Dec 5	200 @ \$5 each
Dec 15	100 @ \$4 each	Dec 17	175 @ \$6 each

Complete the stock valuation worksheet, **provided as an insert**, to calculate the value of the ending inventory for Go-Low Ltd using the LIFO method. **(13 marks)**

(c) Would the value of ending inventory be higher or lower, if Go-Low had used the first in first out (FIFO) method? **(1 mark)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. Jack and Genny have been in partnership for several years producing and selling a variety of items. The following balances were extracted from the books of the partnership for the year ended 31 December 2013.

	Jack \$	Genny \$
Capital Accounts	80 000	70 000
Current Accounts	(500)	2 100
Drawings	6 000	4 000

Net profit for the year is \$39 350.

Information from the partnership agreement included:

- Profits and losses are to be shared 3:2 to Jack and Genny respectively.
 - Genny is to receive a salary of \$12 000 per annum.
 - Interest on capital is to be paid at a rate of 5% per annum.
 - Interest on drawings is to be charged at a rate of 10% per annum.
 - Jack withdrew cash (drawings of \$6 000) on 1 April 2013.
 - Genny withdrew cash (drawings of \$4 000) on 1 July 2013.
- (a) Prepare the Profit and Loss Appropriation Account of Jack and Genny for the year ended 31 December 2013. **(10 marks)**
- (b) Prepare the partners' Current Accounts on 31 December 2013. **(8 marks)**
- (c) What is Jack's net worth at 31 December 2013? **(2 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions from this section.

4. Mary Jane owns a small fleet of vehicles which she makes available to the general public for hire. On 1 January 2011, her limousine which originally cost \$90 000 had an accumulated depreciation of \$9 000.

Mary Jane provides for depreciation using the **reducing balance** method at a rate of 10% per annum.

- (a)
 - (i) Calculate the depreciation expense to be charged for EACH of the TWO years ending 31 December 2011 and 31 December 2012. **(4 marks)**
 - (ii) Draw up the Provision for Depreciation Account for the TWO years. **(5 marks)**
 - (iii) Prepare the Fixed Assets section of the balance sheet for the limousine as at 31 December 2011. **(4 marks)**
- (b) Under which heading in the balance sheet would “Prepaid Rental Revenue” appear? **(1 mark)**
- (c) Steve Treft, who owed Mary Jane \$6 000 for services received, was declared bankrupt by the court. On 31 December 2012, Steve Treft sent a cheque in full settlement of his account which showed a payment of \$0.25 on every dollar of debt he owes.

Draw up Steve Treft’s account.

(6 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) Five Jam Producers set out a list of costs, **shown on the insert provided**. Classify EACH cost item as **either** Manufacturing Account **or** Income Statement. For EACH item classified as Manufacturing Account, indicate whether it is a Direct or Indirect cost. Item No. 0 has been done for you as an *example*. **(7 marks)**
- (b) Blings & Tings Manufacturing provided the following list of balances for the year ended 30 November 2013:

	\$
Carriage In on raw materials	2 000
Carriage out	800
Direct wages	60 000
Rent	36 000
Inventories at 1 December 2012: Raw materials	20 000
Finished goods	44 600
Work-in-progress	16 000
Purchases of raw materials	50 000
Returns in	900
Returns out	1 200
Sales	250 000
Factory overheads	14 800
Closing Inventories at 30 November 2013: Raw materials	11 700
Finished goods	10 200
Work-in-progress	3 000

NOTE: One-fifth of the rented premises is used as office space and the remaining four-fifths of the rented premises is utilized for actual manufacturing processes.

Prepare Statements of Manufacturing Costs for Blings & Tings Manufacturing for the year ended 30 November 2013 showing clearly the following:

- (i) Cost of Raw Materials Consumed **(5 marks)**
- (ii) Prime Cost **(3 marks)**
- (iii) Cost of Production **(5 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

6. The treasurer of The West District Windball Cricket Club produced the following Receipts and Payments Account for the year ended 31 December 2013.

**West District Windball Club
Receipts and Payments Account
For the year ended 31 December 2013**

	\$		\$
Balance b/f	4 200	Rent on premises	5 000
Members' subscriptions	10 360	Snack bar purchases	7 150
Donations	500	Secretarial expenses	2 500
Snack bar takings	13 440	Uniform expenses	3 300
		Repairs to equipment	750
		Purchases of new equipment	5 000
		Other expenses	1 930
		Balance c/f	2 870
	<u>28 500</u>		<u>28 500</u>

The following information is also available.

	1 January 2013	31 December 2013
	\$	\$
Subscription in arrears	250	280
Subscription in advance	190	—
Snack bar inventories	3 260	3 740
Equipment valuation	17 500	20 200

- (a) Prepare the Subscription Account for the year ended 31 December 2013. **(6 marks)**
- (b) Prepare the Snack Bar Trading Account for the year ended 31 December 2013. **(4 marks)**
- (c) Prepare the Club's Income and Expenditure Account for the year ended 31 December 2013. **(10 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. (a) (i) On the accounting cycle flow chart, **provided as an insert**, fill in the steps given below in the correct sequence.
- Extract a trial balance
 - Adjusting and closing entries
 - Source documents
 - Journalize
 - Preparation of financial statements
 - Post to ledgers
- (3 marks)**
- (ii) State ONE purpose for EACH of the following steps in the accounting cycle:
- Trial balance
 - Source documents
- (2 marks)**
- (b) On 1 June 2013, Designers Inc. decided to issue the following:
- 180 000 Ordinary Shares at a value of \$1.00 each
 - 64 000 7% Preference Shares at a value at \$2.00 each
- All shares were fully subscribed.
- Prepare the journal entries to record the issue of shares.
- (8 marks)**
- (c) Designers Inc. realized a profit for the year of \$48 500 from revenues of \$176 450 for the year.
- (i) Calculate the Profit Percentage for Designers Inc. **Round off answers to the nearest whole number. Show formula working.** **(3 marks)**
- (ii) Calculate the Return on Investment for Designers Inc. **Round off answers to the nearest whole number. Show formula working.** **(3 marks)**
- (iii) Briefly comment on the profitability of Designers Inc. **(1 mark)**

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2014025



TEST CODE **01239020**

JANUARY 2014

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E ®
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

Candidate No. : _____

Centre No. : _____

Question 2. (b)

CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

Candidate No. : _____

Centre No. : _____

Question 5. (a)

FIVE JAM PRODUCERS

Item No. 0 has been done for you as an *example*.

No.	Cost Item	Manufacturing Account		Income Statement
		Direct Cost	Indirect Cost	
0	Factory office expense (Example)		√	
1	Factory overheads			
2	Wages of Sales Assistant			
3	Selling and distribution expenses			
4	Wages of Production worker			
5	Depreciation of factory equipment			
6	Purchase of raw materials			
7	Design cost per bottle			
8	Mortgage interest			
9	Administration costs			
10	Cost of bottles purchased			

FORM TP 2014025



TEST CODE **01239020**

JANUARY 2014

CARIBBEAN EXAMINATIONS COUNCIL
CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

PRINCIPLES OF ACCOUNTS

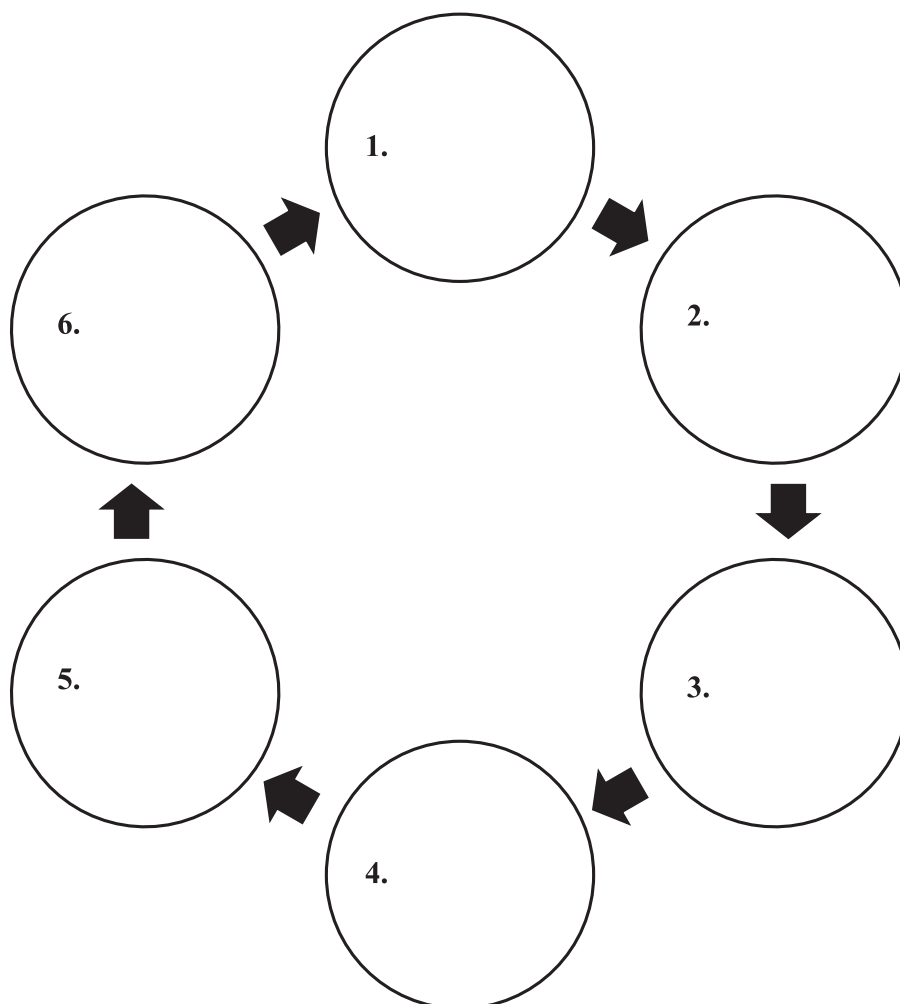
Paper 02 – General Proficiency

Candidate No. : _____

Centre No. : _____

Question 7. (a) (i)

THE ACCOUNTING CYCLE



FORM TP 2014026



TEST CODE **01239032**

JANUARY 2014

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. All answers MUST be written in this booklet.
3. Show ALL working clearly.
4. You may use a silent, non-programmable calculator to answer questions.
5. You are advised to take some time to read through the paper and plan your answers.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2013 Caribbean Examinations Council
All rights reserved.

01239032/JANUARY/F 2014

INSTRUCTIONS: This paper consists of a case study and ELEVEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in the booklet.

CASE STUDY

Lita Ward owns a firm, Lita Ward Services, which offers business services. Lita spent the month of October 2013 in another country. She finds that her sister Sita has not made the required entries in any of the accounting books. Lita decides to teach Sita some accounting principles.

- 1.** List TWO examples of source documents.

(2 marks)

- 2.** Identify ONE journal and ONE ledger which Lita Ward would use to record non-cash, (credit) transactions.

Journal _____

Ledger _____

(2 marks)

- 3.** State the TWO rules of entry which would be used by Lita Ward to record her receipts and payments.

(2 marks)

Lita teaches Sita about assets, capital, liabilities, expenses and revenues and the accounting (balance sheet) equation.

4. Write out the accounting (balance sheet) equation.

(2 marks)

5. Explain the balance sheet equation.

(2 marks)

6. Lita shows Sita the following list of assets, liabilities, expenses and revenues she had recorded at the end of the month of September 2013.

	\$
Computers and printers	20 800
Bank balance	20 300
3-year bank loan	25 000
Petty cash	240
Stock of printing paper	360
Amount owed to customers for jobs	600
Supplier: Devin Technologies	1 180
Rent and utilities owing	480
Purchases	39 510
Sales	49 500
Amount owed by customers for jobs	2 670
Stock of CDs	1 400
Prepaid insurance costs	1 350
Stock of printing ink	1 730

Lita explains to Sita how to prepare a Trial Balance.

On page 5, draw up the Trial Balance for Lita Ward Services as at 30 September 2013 showing CLEARLY Lita's capital. **(9 marks)**

GO ON TO THE NEXT PAGE

7. Sita brings Lita information about Devin's Technologies, a supplier whose balance brought forward at the beginning of the month of October was \$1 180. The information in the table below shows the company's transactions with Devin's Technologies during the month of October.

Date	Details	Amount (\$)
October 4	Paid by cheque	1 180
October 4	Purchases	5 500
October 22	Purchases	2 500

Draw up the T-account of Devin's Technologies in the books of Lita Ward Services.

(3 marks)

GO ON TO THE NEXT PAGE

8. Lita Ward's agreement with Devin's Technologies states:

- Payment made within two weeks of the date of purchase earns a discount of 5% of the value of purchases.
- Payment made after two weeks of the date of purchase is subject to a late payment charge of 3%.

Sita had made no payment to Devin's Technologies except for the one on 4 October.

Using the information provided for Question 7 on page 6, complete the table below, then answer the questions that follow.

Calculation of Amounts Owed to Supplier

Purchases earning late payment charge	\$
Late payment charge rate	%
Late payment charge amount	\$
Purchases earning discount from supplier	\$
Discount rate	%
Discount received amount	\$
Total amount to be paid on 1 November 2013	

- (i) State the amount of late payment charge owed to Devin's Technologies at the end of October 2013.

- (ii) State the amount of discount to be received if payment is made on 1 November 2013.

- (iii) State the amount to be paid to Devin's Technologies if Lita pays the full amount on 1 November 2013.

(7 marks)

GO ON TO THE NEXT PAGE

9. Lita tells Sita that she had bought the computers and printers on 1 November 2011 for \$20 800 and that she must calculate an expense called depreciation on these assets for every year or part year of ownership.

Explain why depreciation is calculated on fixed assets.

(1 mark)

10. Lita decides to use a method of depreciation that uses the same rate of 12% every year on the cost of the computers and printers.

Using the table provided below, insert the correct information to arrive at the current Net Book Value of the computers and printers bought on 1 November 2011.

Calculation of Net Book Value of Computers and Printers

Details	(Insert responses here)
Rate of depreciation	
Name of method of depreciation	
Cost of computers and printers	
Depreciation expense per year	
Age of computers as at 31 October 2013	
Accumulated depreciation expense as at 31 October 2013	
Net book value as at 31 October 2013	

(7 marks)

GO ON TO THE NEXT PAGE

- 11.** Lita wants to find out whether the performance of the business has remained the same given that she was absent during the month of October 2013. The following information is available.

	September 2013	October 2013
Sales	48 500	49 900
Net Profit	18 430	18 463

- (i) Calculate the net profit percentage for Lita Ward Services for EACH month shown above.

(2 marks)

- (ii) Write, in a sentence, a report to Lita Ward on whether the business did better or worse in the month of October.

(1 mark)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2014103



TEST CODE **01239020**

MAY/JUNE 2014

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

3 hours

22 MAY 2014 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Begin EACH answer on a separate page. Each question is worth 20 marks.
3. Keep ALL parts of EACH answer together.
4. You may use a silent, non-programmable calculator to answer questions.
5. You are advised to take some time to read through the paper and plan your answers.
6. Show all working clearly.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2013 Caribbean Examinations Council
All rights reserved.

SECTION I

Answer the THREE questions in this section.

1. Swigger and Thirst entered into a business partnership on 01 January 2013. The total amount of capital contributed through the partnership was \$60 000. Swigger contributed \$40 000 of the total capital and Thirst contributed the balance. It is now **six months** since the partnership was formed.

Swigger and Thirst agreed to share profits in the ratio of 2:1 respectively. Partners' drawings for the six months ended 30 June 2013 were:

Partner	Amount (\$)
Swigger	8 000
Thirst	600

The following information is available for the first **six months** ended 30 June 2013:

Profits calculated for the six months	\$15 380
Other revenues earned, but which were not yet included in profits	\$620
Interest on capital	10% per annum
Interest on drawings	5% per annum
Annual salary for Thirst	\$18 000

- (a) How much of the capital did Thirst contribute? **(1 mark)**
- (b) Prepare the Appropriation Account of the partnership for the SIX months ended 30 June 2013. **(12 marks)**
- (c) Prepare columnar Current Accounts of the partners for the SIX months ended 30 June 2013. **(7 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

2. JT Enterprises, whose purchases and sales are all on credit, prepares Control Accounts at the end of every month.

At the end of April 2014, JT Enterprises provided the following information on its accounts payable and its accounts receivable.

Accounts Payable

	\$
Opening balances	5 100 (Cr), \$310 (Dr)
Purchases for the month of April	63 720
Purchases returns	620
Payments to suppliers	59 970
Discounts received	1 200
Prepayment by cheque to suppliers	3 450
Late payment charge	45
Closing balance	270 (Dr)

Accounts Receivable

Opening balances	9 360 (Dr), \$470 (Cr)
Sales for the month of April	87 890
Sales returns	1 330
Receipts from customers	69 110
Discounts allowed	1 200
Bad debts	1 320
Customer's cheque returned	970
Closing balance	550 (Cr)

Note: A firm, Escrow Ltd, is a supplier and a customer of JT Enterprises. At 30 April, Escrow Ltd's balances in the ledgers of JT Enterprises were as follows:

Purchases Ledger	\$ 1 050
Sales Ledger	\$ 375

The firm sets off the appropriate amount through the Control Accounts.

- (a) State ONE reason why Control Accounts would be useful to JT Enterprises. **(1 mark)**
- (b) Prepare the following Accounts for JT Enterprises:
- (i) Purchases Ledger (Accounts Payable) Control Account **(8 marks)**
- (ii) Sales Ledger (Accounts Receivable) Control Account **(11 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

3. Jack Rapper, a small business owner, has not kept proper accounts. His son, a trainee accountant, presented the following details for the year ended 31 December 2013. Study the details carefully and answer the questions that follow.

Bank Account			
	\$		\$
Balance brought forward	14 500	Accounts payable	38 800
Accounts receivable	69 200	Rent	6 000
		Utilities	9 100
		General office expenses	4 700
		Wages	8 600
		Motor vehicle	15 000

Additional information

	01 January 2013	31 December 2013
	\$	\$
Accounts payable	6 400	5 900
Inventories	8 945	9 800
Accounts receivable	10 200	8 400
Motor vehicles at cost	25 000	
Wages owing		750
Utilities prepaid	600	
Cash in hand	760	130

Motor vehicles depreciate at a rate of 5% on cost per annum.

All purchases and sales were on credit terms.

Purchases for the year totalled \$38 300.

- (a) Prepare Jack Rapper's Statement of Affairs as at 01 January 2013. (6 marks)
- (b) Using an account, determine the sales for the year. (4 marks)
- (c) Prepare Jack Rapper's Income Statement for the year ended 31 December 2013. (10 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

4. (a) Define EACH of the following accounting terms. Give ONE example in EACH case.
- (i) Fixed asset (2 marks)
 - (ii) Useful life (2 marks)
 - (iii) Net book value (2 marks)
- (b) On 01 May 2013, Farley Caterers owned two depreciable assets consisting of a delivery van and an industrial stove. The following information was provided.

	Cost Price (\$)	Net Book Value (\$)
Delivery van	200 000	140 000
Industrial stove	60 000	38 400

The company charges depreciation on its assets as follows:

- Delivery van at the rate of 30% per annum using the straight line method
 - Industrial stove at the rate of 20% per annum using the reducing balance method.
- (i) Calculate the depreciation charge on the delivery van for the year ended 30 April 2014 using the straight line method. **(Show working clearly.)** (3 marks)
 - (ii) Draw up a balance sheet extract for the van showing cost, accumulated depreciation and net book value as at 30 April 2014. (4 marks)
 - (iii) Calculate the depreciation charge on the industrial stove for the year ended 30 April 2014 using the reducing balance method. **(Show working clearly.)** (3 marks)
 - (iv) Draw up the Provision for Depreciation Account for the industrial stove starting with the amount of accumulated depreciation as at 01 May 2013 as balance brought forward. (4 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. JB Manufacturing Company produces athletics equipment. The following information was provided for the year ended 31 December 2013. Study the information carefully and answer the questions that follow.

	\$	\$
Purchases of direct materials	65 000	
Rent		6 000
Power		10 000
Carriage inwards on raw materials	2 000	
Insurance on factory equipment		3 500
Direct expenses [factory]		1 500
Factory wages	30 000	
Indirect materials used		7 000
Depreciation on factory equipment		2 500
Factory manager's salary		12 000
Janitor's salary		8 000
Sales		190 000
Property taxes on factory building		800

Additional information

- Inventory valuation

	01 January 2013	31 December 2013
	\$	\$
Direct materials	7 500	4 300
Finished goods	21 000	24 200
Work in process	2 900	3 300

- Rent and power are to be shared as follows – 75% to the factory and 25% to administration.
- The janitor spends 80% of his time cleaning the factory.

- (a) Prepare a Manufacturing Account for JB Manufacturing Company for the year ended 31 December 2013.

Show clearly:

- Prime cost
- Total factory overheads
- Cost of production

(16 marks)

- (b) Prepare the Trading Account for the company to determine its gross income. **(4 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

6. (a) The Young Achievers Credit Union Co-operative was formed on 01 January 2014. There were 12 000 student members who paid membership fees of \$3 EACH. Each member also bought five shares costing \$10 PER SHARE.

Prepare the journal entries, including narrations, to record the above transactions.

(7 marks)

- (b) Young Achievers Credit Union Co-operative presented the following Receipts and Payments Account at the end of March 2014. Study the information carefully and answer the questions that follow.

Young Achievers Credit Union Co-operative Receipts and Payments Account For the Month of March 2014			
Particulars	Amount \$	Particulars	Amount \$
Balance brought forward	5 000	Purchases of meats for BBQ	950
Ticket sales from fundraising BBQ	6 840	Purchases of drinks for BBQ	1 200
Interest earned on deposits	4 240	Advertising for BBQ	200
Interest earned from loans to members	3 960	Wages for BBQ	750
		Balance carried forward	16 940
	<u>20 040</u>		<u>20 040</u>
Balance brought forward	16 940		

Note: There was an opening stock of drinks totalling \$650 on 01 March.

A fundraising barbecue (BBQ) activity was held in March. At the end of the BBQ, there was \$1 170 worth of drinks still unsold.

- (i) Calculate the cost of drinks sold for the BBQ fundraising activity. **(4 marks)**
- (ii) Prepare the Income Statement for the BBQ fundraising activity to show the profit made from this event. **(6 marks)**
- (iii) Calculate the amount of income for the month of March 2014. **(Show working clearly.) (3 marks)**

Total 20 marks

GO ON TO THE NEXT PAGE

7. Pets Plus prepares weekly payrolls for two employees hired on the following terms:

Employees	Normal rate of pay	Normal hours or days	Time Worked
Sales attendant	\$10 per hour	40 hours	45 hours
Cashier	\$120 per day	5 days	5 days

- (a) List TWO basic source documents used in preparing payrolls. (2 marks)
- (b) Distinguish between 'voluntary deductions' and 'statutory deductions'. (2 marks)
- (c) Complete the Pets Plus Payroll Sheet, **provided as an insert**, for the week ended 26 April 2014, considering the following additional information.

Particulars	Rate
Overtime	1.5 × normal rate
Social security (tax deductible)	5%
Pension fund (tax deductible)	1%
Income tax	10%

(16 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.



Question No. 7. (c).....

Candidate No.

PETS PLUS Payroll Sheet For the Week Ended 26 April 2014										
Employee	Pay rate \$	Normal hours or days	Over-time hours	Normal pay \$	Overtime pay \$	Gross pay \$	Social Security \$	Pension Fund \$	Taxable income \$	Income Tax \$
Sales attendant										
Cashier										
TOTALS										

TO BE ATTACHED TO YOUR ANSWER BOOKLET

FORM TP 2014104



TEST CODE **01239032**

MAY/JUNE 2014

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins.
4. You are advised to take some time to read through the paper and plan your answers.
5. Show ALL working clearly.
6. You may use a silent, non-programmable calculator to answer questions.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must request extra lined pages from the invigilator. **Remember to draw a line through your original answer and correctly number your new answer in the box provided.**
8. **If you use extra pages you MUST write your registration number and question number clearly in the boxes provided at the top of EVERY extra page.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2013 Caribbean Examinations Council
All rights reserved.

INSTRUCTIONS: This paper consists of a case study and ELEVEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.

CASE STUDY

Felix Stamp owns a car parts dealership. Most of his payments from customers are made in cash and by direct deposit to the bank. He has few debtors. The cash book page for the month of March 2014 has been mistakenly removed. He has to rely on his source documents, ledgers and bank statement to recreate certain accounts.

1. Name a source document that Felix Stamp would use to draw up his Petty Cash Book.

.....
(1 mark)

2. Felix Stamp keeps a petty cash imprest of \$200 for the business. The cashier reports that there was an unspent balance of \$47.10 in the Petty Cash Book on 01 March 2014.

Calculate the amount needed to restore the imprest.

.....
(1 mark)

3. The cashier produces the following list of small expenditures for the month of March 2014.

March	Details	\$
3	Postage stamps	12.75
6	Messenger's taxi fare	9.65
9	Mop and broom	25.60
13	Envelopes	14.00
17	Cleaning supplies	18.85
22	Copy paper	60.00
27	Glue sticks	7.50
30	Messenger's taxi fare	9.65

Using the Petty Cash Book form **provided on page 3**, draw up Felix Stamp's Petty Cash Book for the month of March 2014. Start with an opening balance of \$200.00. (6 marks)

GO ON TO THE NEXT PAGE

PETTY CASH BOOK (for Question 3)

\$	Date	Details	Total \$	Cleaning Expenses \$	Postage and Stationery \$	Travel Expenses \$

GO ON TO THE NEXT PAGE

4. Felix Stamp draws up the following list of accounts receivable as at 01 March 2014.

Debtor	Amount due at 01 March (\$)
P. Francis	8 700
V. Singh	3 500
W. Fisher	4 800

Felix Stamp was contracted to supply goods to each debtor on credit. The contracts include an offer of 5% cash discount if the bill is paid within two weeks of the beginning of the month.

State ONE reason why Felix Stamp would offer a cash discount to debtors.

.....

.....

(1 mark)

GO ON TO THE NEXT PAGE

5. The bank statement shows the following postings to Felix Stamp's bank account during March 2014.

March		Dr (\$)	Cr (\$)	Balance
1	Available balance			6 450
3	Deposit – Cheque (P. Francis)		8 265	
9	Deposit – Cash and cheques from sales		14 730	
12	Standing order – Daily Press Ltd	250		
13	Deposit – Cheque (V. Singh)		3 325	
18	Credit transfer – Income from investments		1 190	
21	Deposit – Cheque (W. Fisher)		4 800	
25	Bank transfer – Insurance	1 340		
26	Deposit – cash and cheques from sales		12 980	
28	Wages	4 500		
30	Drawings	2 000		
30	Payment – Cheque (Detail Supplies)	27 600		
31	Bank charges	160		

Using the data above and the information provided in Question 4, calculate the TOTAL amount of cash discount allowed for the month of March 2014. **(Show working clearly.)**

(2 marks)

GO ON TO THE NEXT PAGE

6. Apart from the dollar amounts in the entries, state the difference between a standing order (12 March) and a bank transfer (25 March)?

.....

.....

(2 marks)

7. Felix Stamp discovers that W. Fisher has gone out of business and cannot pay.

Draw up a Bad Debts Account to reflect this event. Close the Bad Debts Account at the end of March.

(2 marks)

8. On 31 March 2014, the cheque from W. Fisher was returned by the bank.

Apart from W. Fisher going out of business, state ONE other reason why the cheque from W. Fisher may have been returned by the bank.

.....

.....

(1 mark)

9. On the Bank Account form **provided on page 7**, draw up Felix Stamp's Account for the month of March 2014 using the information provided in the Bank Statement and taking into account the returned cheque.

(8 marks)

GO ON TO THE NEXT PAGE

BANK ACCOUNT (for Question 9)c

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE

10. Felix Stamp started the month of March 2014 with car parts valued at \$3 450. By the end of March, the total value of unsold car parts was \$2 310. Felix had returned \$120 worth of car parts to his supplier and had collected one item worth \$405 from a debtor. The item was returned due to a manufacturer's defect.

The roll from Felix's cash register has recorded the following transactions:

March		\$
4	Sales	25 190
6	Purchases	9 710
9	Sales deposited directly to bank	14 730
18	Sales	27 200
25	Purchases	22 810
26	Sales deposited directly to bank	12 980

Using the information above, prepare the Trading Account of Felix Stamp for the month ended 31 March 2014.

(8 marks)

GO ON TO THE NEXT PAGE

- 11.** Starting with the Gross Profit in Question 10, use the relevant information from the responses provided in Questions 3, 5, 8 and 9 to calculate the net profit of Felix Stamp for the month ended 31 March 2014.

(8 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

FORM TP 2015103



TEST CODE **01239020**

MAY/JUNE 2015

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

3 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2014 Caribbean Examinations Council
All rights reserved.

SECTION I

Answer the THREE questions in this section.

Write your answers in the spaces provided in this booklet.

- 1.** The following list of transactions for Len Hanson occurred during the month of April 2014:

April

- 01 Started business with \$7 800 in the bank.
- 05 Bought on credit from Yazmin Company, goods with a total list price of \$1 800 less 10% trade discount. A cash discount of 5% is available, if accounts are settled within 30 days.
- 06 Sold goods valued at \$290 to Jon, who paid \$120 by cheque, with the balance to be paid later.
- 10 Len Hanson took \$60 worth of goods from the business to give to his friend as a birthday gift.
- 15 Purchased equipment on credit from Equipo Company, \$3 500.
- 16 Returned goods to Yazmin Company with a list price of \$160.
- 20 Returned \$250 worth of equipment to Equipo Company.
- 25 Settled the account with Yazmin Company by cheque.
- 28 Settled the account with Equipo Company by cheque, and was allowed \$50 off for early payment.

- (a) From 01 April 2014, analyse and record EACH of the transactions above in appropriate accounts in the General Ledger provided on **pages 3–6**. **(Round off all figures to the nearest whole number.)** **(16 marks)**

GO ON TO THE NEXT PAGE

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE

-
- This image shows a full page of white paper with horizontal dotted lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Total 20 marks

01239020/F 2015

2. (a) State TWO distinguishing features of a partnership.

.....

.....

.....

.....

(2 marks)

- (b) Barney and Swiper are in partnership. Their Current Account balances as at 31 March 2015 before appropriation were:

Current Accounts	\$
Barney	2 500
Swiper	(600)

State the significance of the brought down balance on EACH partner's current account.

.....

.....

.....

.....

(2 marks)

- (c) Other balances extracted from the books of Barney and Swiper include:

Capital Accounts	Barney	\$ 60 000
	Swiper	35 000
Drawings	Barney (01 October 2014 to 31 March 2015)	4 000
	Swiper (01 January 2015 to 31 March 2015)	12 000

Additional information:

- The net income for the year ended 31 March 2015 is \$82 000.
- Barney earns an annual salary of \$36 000.
- Interest on capital is to be paid at the rate of 5% per annum.
- Interest on drawings is to be charged at the rate of 10% per year.
- Barney and Swiper share profits and losses in the ratio of 3:2 respectively.

Prepare the Profit and Loss Appropriation Account of Barney and Swiper for the year ended 31 March 2015 in the space provided on **page 9**. (9 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area consisting of 24 horizontal dotted lines.

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

-
- This image shows a full page of a handwriting practice worksheet. It consists of multiple sets of three horizontal dotted lines, providing a guide for letter height and placement. The lines are evenly spaced across the entire page, leaving ample room for writing practice. There is no text or other markings on the page.

Total 20 marks

01239020/F 2015

NOTHING HAS BEEN OMITTED

GO ON TO THE NEXT PAGE

3. Seris Lann, a sole trader, is to present financial information to its bankers to support a loan request to buy computers for the business. The following list of figures is provided for the year ended 31 December 2014.

	\$
Plant and machinery	163 450
Motor vehicles	37 000
Long-term investments	38 580
Accounts receivable	8 070
Closing inventories	24 550
Accounts payable	3 910
Bank overdraft	6 180
Sales revenue	363 170
Cost of goods available for sale	206 850
Insurance prepaid at year end	1 070
Insurance paid	3 790
Interest expense paid	9 360
Salaries and wages paid	90 820
Miscellaneous expenses owing at year end	4 220
Miscellaneous expenses paid	4 880
Mortgage	93 600
Opening capital	95 940

- (a) Using the information provided, prepare an Income Statement for the year ended 31 December 2014. Show clearly the amounts for EACH of the following in the space provided on **page 13**.
- (i) Cost of goods sold
 - (ii) Insurance expense
 - (iii) Miscellaneous expenses

(8 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

Handwriting practice area consisting of 24 horizontal dotted lines.

GO ON TO THE NEXT PAGE

- (b) Prepare a list showing EACH of the following amounts as at 31 December 2014.

(Marks will be awarded for showing clearly how you arrived at the dollar amount.)

- (i) Total non-current (fixed) assets

.....

.....

.....

.....

.....

.....

.....

.....

.....

(2 marks)

- (ii) Total current assets

.....

.....

.....

.....

.....

.....

.....

.....

.....

(2 marks)

GO ON TO THE NEXT PAGE

(iii) Total current liabilities

.....

.....

.....

.....

.....

.....

(2 marks)

(c) Name and use an appropriate ratio to decide whether Series Lann should or should not be given the bank loan. **(Show your calculation and give your reason.)**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(4 marks)

(d) State ONE advantage and ONE disadvantage of using a computer system to maintain accounts.

.....

.....

.....

.....

(2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

SECTION II

Answer any TWO questions in this section.

Write your answers in the spaces provided in this booklet.

4. The Bank Statement and Cash Book (bank columns only) for Orvie Elwin for the month of October 2014 are as follows.

Bank Statement				
		Dr	Cr	Balance
2014		\$	\$	\$
Oct 01	Balance			900
03	T. Simeon		150	1 050
07	Cash sales deposit		850	1 900
13	Vehicle loan	1 700		200
15	Standing order	1 000		(800)
21	Debit transfer	825		(1 625)
29	Rent	2 300		(3 925)
29	Credit transfer		4 000	75
30	Bank charges	400		(325)

O/D

O/D

O/D

O/D

Cash Book (bank columns only)					
2014		\$	2014		\$
Oct 01	Balance b/f	900	Oct 10	Light & Power Company	180
03	T. Simeon	150	13	Vehicle loan	1 700
07	Cash sales	850	29	Rent	2 300
24	D. Elwin	500			
31	Balance c/d	1 780			
		<u>4 180</u>			<u>4 180</u>
			2014		
			Nov 1	Balance B/d	1 780

GO ON TO THE NEXT PAGE

- (a) Prepare the updated Cash Book to show the adjusted balance.

(6 marks)

- (b) Starting with the updated cash book balance, draw up a Bank Reconciliation Statement for Orvie Elwin for the month of October 2014.

(5 marks)

GO ON TO THE NEXT PAGE

- (c) The following transactions were recorded in the books of Orvie Elwin for the month of April.

April	Credit sales made to the following:	
11	Jack Long	\$6 000
18	Mary King	\$2 600
24	June Phillip	\$3 800
	Credit purchases from:	
05	Up Top Ltd	\$2 500
19	Harry & Sons	\$3 800
27	Sealey's Ltd	\$4 250
16	Jack Long returned goods costing \$300	
28	June Phillip returned goods costing \$150	

- (i) Record the above transactions in the correctly labelled day books provided below and on page 19. **(Include folio references.)** **(5 marks)**
- (ii) Total EACH day book at the end of the period. **(Narratives required.)** **(4 marks)**

Date	Details	Folio	Amount (\$)

GO ON TO THE NEXT PAGE

Date	Details	Folio	Amount (\$)

Date	Details	Folio	Amount (\$)

Date	Details	Folio	Amount (\$)

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) The accounting department of Cav Crafts provided the following information from its various books.

	September 2013	August 2014
	\$	\$
Credit purchases		196 700
Credit sales		262 920
Accounts receivable	5 010	7 800
Accounts payable	3 950	2 830
Cash received from accounts receivable		257 800
Cash paid to accounts payable		194 400
Discounts allowed		1 040
Discounts received		3 560
Sales returns		1 290
Purchases returns		1 740
Interest on late payments received from accounts receivable		660
Refunds for overpayments from accounts payables		1 880

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

This image shows a full page of white paper with horizontal dotted lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

GO ON TO THE NEXT PAGE

- (b) Sedeno Knitted Goods sold 100% of its completed goods during the year ended 30 November 2014. The following additional information is provided.

Raw materials consumed	\$138 500
Production wages	45 700
Direct packaging expenses	2 400
Factory overheads	51 900
Opening work in progress	3 600
Closing work in progress	4 800
Mark-up percentage on total cost of production	50%

For the year ended 30 November 2014, prepare EACH of the following accounts for Sedeno Knitted Goods:

- (i) A manufacturing account showing clearly the total cost of production

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

GO ON TO THE NEXT PAGE

(ii) A trading account

.....

.....

.....

.....

.....

.....

(9 marks)

Total 20 marks

NOTING HAS BEEN OMITTED

GO ON TO THE NEXT PAGE

6. The treasurer of the People's Popular Political (PPP) party presented the following data at 31 December 2014.

Number of registered members	1 800
Annual subscription per person	\$200
Members with subscriptions outstanding at 01 January 2014	40
Members with subscriptions outstanding at 31 December 2014	60
Members who paid in advance at 01 January 2014	110
Members who paid in advance at 31 December 2014	98
All other members were paid up	

- (a) (i) Complete the worksheet below to calculate EACH of the following:
- Subscriptions outstanding at 01 January 2014 and at 31 December 2014

WORKSHEET

Calculation of Subscriptions Outstanding		
Date	Working Column	\$

- Subscriptions in advance at 01 January 2014 and at 31 December 2014.

Calculation of Subscriptions in Advance		
Date	Working Column	\$

(5 marks)

GO ON TO THE NEXT PAGE

- [illegible]

GO ON TO THE NEXT PAGE

- (b) The PPP party lists the following transactions for the period ended 31 December 2014.
On the form provided below, classify EACH item as follows:

- (i) Write either capital or revenue in the Expenditure Type column, to indicate the type of expenditure involved for EACH item.
- (ii) Insert a check mark (✓) in the appropriate column to indicate whether the item is to be reported in the Income & Expenditure Account or in the Balance Sheet.

The first item has been done for you as an example.

CLASSIFICATION OF EXPENDITURE

Item No.	Description	Expenditure Type	Accounts where item should be reported	
			Income & Expenditure Account	Balance Sheet
0	Paid salaries to office	Revenue	✓	
	Invested in an ID card-making machine, \$5 000			
	Paid for printing of the party's Manifesto booklet for its annual convention meeting, \$20 000			
	Made a downpayment of \$60 000 for the purchase of a new bus			
	Paid \$100 000 for building works which extended and improved the party's headquarters building			
	Paid for advertisement for a political rally, \$25 000			

(4 marks)

GO ON TO THE NEXT PAGE

-
- This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

Total 20 marks

01239020/F 2015

- Share capital of \$500 000 was originally sold to members at \$5 each.
- Surplus for the year totalled \$65 000 and was earned from the total sales of \$350 000.
- Undistributed surplus from previous years amounted to \$125 000.

- Dividends of \$0.50 per share to be paid to existing shareholders
- 20% to be transferred to the Members' Educational Fund
- 5% of total sales to be paid to members as patronage refunds
- 30% to be transferred to a Disaster Relief Fund

[illegible]

GO ON TO THE NEXT PAGE

- (b) A sister co-operative, Flat Lands Cane Farmers Co-operative, presented the following balances for its financial year ended 31 December 2014:

	\$
Building at cost	250 000
Investment in Vegi Lands Farmers' Co-operative	45 000
Ordinary share capital	200 000
Undistributed surplus	73 900
Long-term loan to members	120 000
Interest revenue outstanding from loans	8 000
Accumulated depreciation: building	35 000
Equipment rental fees receivable	39 000
Inventories	26 000
Members' welfare fund	40 000
Flood relief fund	95 000

- (i) Prepare the Co-operative Balance Sheet Extract for the **capital section only**, for the year ended 31 December 2014.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(4 marks)

GO ON TO THE NEXT PAGE

(ii) Identify and total EACH of the following amounts for Flat Lands Cane Farmers' Co-operative:

a) Non-current (fixed) assets

.....

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)

b) Current assets

.....

.....

.....

.....

.....

.....

.....

.....

.....

(2 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

EXTRA SPACE

If you use this extra page, you MUST write the question number clearly in the box provided.

Question No.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

EXTRA SPACE

If you use this extra page, you MUST write the question number clearly in the box provided.

Question No.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

FORM TP 2015104



TEST CODE **01239032**

MAY/JUNE 2015

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2014 Caribbean Examinations Council
All rights reserved.

01239032/F 2015

Instructions: This paper consists of a case study and ELEVEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.

Case Study

M. L. Summer entered into business as a florist and horticulturist, selling floral plants and providing gardening services to clients. The name of the business is M. L. Summer Flowers. M. L. Summer presented you with the following three documents, (A), (B) and (C), which will be used for Questions 1 and 2.

(A)

No.: 12		Date: 03 January 2013	
<div>M. L. Summer Flowers</div> <div>Summersdale, Happy Town</div>			
Sold to: Alan Winter		Terms: 2½/10, n/30	
Quantity	Description	Unit Price \$	Total Amount \$
10	Potted floral plants	10	100
2 hours	Gardening services (charged per hour)	150	300
TOTAL			400

(B)

No.: 6258		Date: 15 January 2013	
Sunny Plants Inc. Sunny Acres, Glad Valley			
Sold to: M. L. Summer Flowers		Terms: 5/10, n/30	
Quantity	Description	Unit Price \$	Total Amount \$
12	Bags fertilizer	40	480
10	Bags peat moss	65	650
25	Bags potting soil mix	55	1 375
TOTAL			\$2 505

GO ON TO THE NEXT PAGE

(C)

No.: 78		Date: 18 January 2013	
Sunny Plants Inc. Sunny Acres, Glad Valley			
Returns by: M. L. Summer Flowers			
Quantity	Description	Unit Price \$	Total Amount \$
2	Bags peat moss	65	650
5	Bags potting soil mix	55	275
		TOTAL	\$405

1. Identify EACH of the three documents labelled (A), (B) and (C).

(A)

(B)

(C)

(3 marks)

GO ON TO THE NEXT PAGE

2. Use documents (A), (B) and (C), to make entries in the appropriate book of original entry for M. L. Summer Flowers. Total EACH book of original entry at 31 January 2013. **(Identify clearly each book of original entry.)**

Date	Details	<i>f</i>	\$

Date	Details	<i>f</i>	\$

Date	Details	<i>f</i>	\$

(7 marks)

GO ON TO THE NEXT PAGE

- | | | | |
|-----------------------------------|--------|----------------------|--------|
| | \$ | | \$ |
| Cash at bank | 5 000 | Cash | 600 |
| 3-year loan from Easy Finance Co. | 20 700 | Potting soil mix | 85 |
| Tools and equipment | 900 | Vehicle | 12 500 |
| Unpaid bill from Sunny Plants Inc | 2 400 | Potted floral plants | 1 300 |
| Premises | 60 000 | | |

Using the list provided above, prepare a classified Balance Sheet for M. L. Summer Flowers as at 01 January 2013.

[illegible]

GO ON TO THE NEXT PAGE

4. With terms of trade of 5/10, n/30, both amounts owed to Sunny Plants Inc. were paid in full on 25 January. Using all information provided, prepare the Ledger Account of Sunny Plants Inc. Balance the account at 31 January 2013. **(Show working clearly in the space below.)**

Date	Details	f	Debit	Date	Details	f	Credit

(6 marks)

5. On 31 December 2013, M. L. Summer Flowers had Accounts Receivable of \$6 500. She decided to provide for bad debts at the rate of 5% of outstanding debtors. Prepare the Journal entry to create the Provision for Bad Debts Account as at 31 December 2013.

(3 marks)

GO ON TO THE NEXT PAGE

6. On 31 December 2014, M. L. Summer Flowers recorded Accounts Receivable of \$8 000. Using the same rate as in the previous year, draw up M. L. Summer Flowers' Provision for Bad Debts Account for the year 01 January to 31 December 2014.

Date	Details	f	Debit	Date	Details	f	Credit

(3 marks)

7. Describe the effect of the Provision for Bad Debts Account balance on 31 December 2014 on the

(a) Income Statement

.....

.....

.....

.....

(b) Balance Sheet.

.....

.....

.....

.....

(2 marks)

GO ON TO THE NEXT PAGE

Questions 8 and 9 are based on the following comparative figures which were made available at the end of the first year of operation for M. L. Summer Flowers.

COMPARATIVE FIGURES FOR 2013 Comparing Businesses of Similar Size And Type			
No.	Ratios	Industry Average	M. L. Summer Flowers' Figure
(i)	Gross Profit Margin	25%	28%
(ii)	Net Profit Percentage	18%	16%

8. (a) State the meaning of M. L. Summer's 'gross profit margin' for 2013.

.....

.....

.....

.....

(1 mark)

Using the ratio given in the table above:

- (b) Comment on the business' gross profit margin in relation to the industry average.

.....

.....

.....

.....

(1 mark)

- (c) Make ONE recommendation to M. L. Summer based on your analysis of her business' performance.

.....

.....

.....

.....

(1 mark)

GO ON TO THE NEXT PAGE

9. (a) Explain the meaning of 'net profit percentage' to M. L. Summer.

.....

.....

.....

.....

(1 mark)

Using the ratio given in the table on page 8:

- (b) Comment on the business' net profit percentage in relation to the industry average.

.....

.....

.....

.....

(1 mark)

- (c) Make ONE recommendation to M. L. Summer based on your analysis of her business' performance.

.....

.....

.....

.....

(1 mark)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

10. The rate of turnover for M. L. Summer Flowers is 10 times per year. Calculate, to the nearest whole number, the **number of days** M. L. Summer Flowers' average inventory remains on hand before being sold.

.....

.....

.....

.....

(2 marks)

11. The industry average for rate of inventory turnover in terms of days is 30 days. Using your answer from Question 10 above, comment on M. L. Summer Flowers' performance.

.....

.....

.....

.....

(1 mark)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

EXTRA SPACE

If you use this extra page, you MUST write the question number clearly in the box provided.

Question No.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

CARIBBEAN EXAMINATIONS COUNCIL

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION**

07 JANUARY 2016 (a.m.)



J1601239020

FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

TEST CODE

0	1	2	3	9	0	2	0
---	---	---	---	---	---	---	---

SUBJECT PRINCIPLES OF ACCOUNTS – Paper 02

PROFICIENCY GENERAL

REGISTRATION NUMBER

--	--	--	--	--	--	--	--	--	--

SCHOOL/CENTRE NUMBER

--	--	--	--	--	--

NAME OF SCHOOL/CENTRE

CANDIDATE'S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

SIGNATURE _____



0123902001



**DO NOT
WRITE ON
THIS PAGE**



0123902002

FORM TP 2016025



TEST CODE **01239020**

JANUARY 2016

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2015 Caribbean Examinations Council
All rights reserved.

01239020/JANUARY/F 2016



0123902003

SECTION I

Answer the THREE questions in this section.

Write your answers in the spaces provided in this booklet.

1. (a) J. Lampjack who has been in business for several years as a sole proprietor provided you with the following information:

31 December 2015

Equipment	130 000
Bank overdraft	3 700
Loan (\$50 000 due for repayment by March 2016)	200 000
Fixtures and fittings	18 000
Cash	2 100
Inventory	13 500
Land and building	250 000
Accounts payable	6 100
Term deposit (3 months)	5 000
Accounts receivable	4 200

Using the order of permanence, draw up a classified Statement of Financial Position (Balance Sheet) for J. Lampjack as at 31 December 2015 **in the space provided on page 5.**

GO ON TO THE NEXT PAGE



01239020/JANUARY/F 2016

GO ON TO THE NEXT PAGE



0123902005

- (b) The table below shows the opening balances at the beginning of November for Assets, Liabilities and Capital for St Jude's business.

Transaction	Assets	Liabilities	Capital
Opening balance	\$600 000	\$400 000	\$200 000
(i) Bought motor vehicles costing \$12 000 on credit.	+12 000	+12 000	
(ii) The owner took goods costing \$500 for his personal use.			
(iii) Bought goods for \$900 on credit from R James.			
(iv) Paid mortgage of \$1 500 by cheque.			
(v) The owner settled an amount of \$15 000 owed by the business to U. Long from his personal savings.			
(vi) Bought office furniture costing \$3 500. The owner made a down payment of \$500 by cheque and promised to pay the balance in three monthly instalments.			
Closing balance (including example)			

Complete the table above to show the effect of EACH transaction on the opening balances. Use plus (+) and minus (–) signs appropriately. Transaction (i) is done for you.

(8 marks)

Total 20 marks



NOTHING HAS BEEN OMITTED.



2. Cassie and Kacie entered into a partnership on 1 January 2015.

	Capital Invested	Drawings Made During the Year
Cassie	\$142 000	\$25 000
Kacie	\$128 000	\$22 000

The partners agreed that:

- Each partner should receive Interest on Capital of 10 per cent per annum.
- Interest on Drawings should be charged at 7 per cent per annum.
- Kacie is to receive an annual salary of \$25 000.
- Remaining profits or losses should be shared in the ratio of 3:2 respectively.

The following additional information is available:

- The partnership made a Net Income of \$55 000 during the year ended 31 December 2015.
- (a) **In the space provided on page 9**, prepare the Profit and Loss Appropriation Account for the partners for the year ended 31 December 2015.

GO ON TO THE NEXT PAGE



[illegible]

GO ON TO THE NEXT PAGE

0123902009

- (b) **Using the form provided on page 11**, prepare the partners' Current Accounts in columnar style. **(10 marks)**

- (c) Explain the significance of the balance on EACH partner's Current Account.

.....

.....

.....

.....

.....

(2 marks)

Total 20 marks



DO NOT WRITE IN THIS AREA

01239020/JANUARY/F 2016



3. Jose Choice Meats is a butcher shop owned and operated by Jose Martinez. On 1 May 2015 he presented the following information:

Cash in Hand	\$475
Deposited at Bank	\$2 890

During the month of May the following transactions occurred:

- May 2 Tasteful Restaurant bought fish on credit worth \$900, less a 10 per cent frequent buyer discount.
- May 3 Sold \$145 worth of lamb for cash.
- May 5 Paid \$510 for electricity by cheque.
- May 5 Paid shop assistant \$580 cash for wages.
- May 9 Mr Martinez cashed a business cheque for \$1 360, from which he paid a \$360 water bill for his home. The balance remained in his cash till.
- May 11 Sold \$1 500 worth of seafood on credit to Joyce T.
- May 15 Bought \$1 700 worth of meats from Wholesale Suppliers on credit; the given terms were 5/10, n/30.
- May 21 Joyce T settled her account by cash, earning a 3% discount.
- May 22 Tasteful Restaurant settled its account in full, by cheque.
- May 23 Paid shop assistant \$580 by cheque for wages.
- May 24 Settled Wholesale Suppliers' account in full, by cheque.
- May 30 Paid \$260 in cash for some repairs to the shop.

- (a) (i) What type of discount was given on May 2? (1 mark)

- (ii) Using the form provided on page 13, record the above data and transactions in the Cash Book. Balance the Cash Book at month end. (14 marks)



CASH BOOK

[illegible]

01239020/JANUARY/F 2016



0123902013

- (iii) Using the form provided below, prepare and close the Discount Allowed Account.

Discount Allowed Account

Date		Particulars	Debit	Date		Particulars	Credit

(2 marks)

- (iv) What is the significance of the balance remaining in Mr Martinez's bank account at month end?

.....

.....

.....

(1 mark)

- (b) List and calculate the total value of Revenue Expenditure in the month of May for Mr Martinez.

.....

.....

.....

.....

.....

.....

.....

(2 marks)

Total 20 marks



NOTHING HAS BEEN OMITTED.



SECTION II

Answer any TWO questions in this section.

Write your answers in the spaces provided in this booklet.

4. On 1 January 2013 the Gargar Mell Company showed a balance of \$12 000 in its Provision for Bad and Doubtful Debts Account. Gargar Mell Company provides for Bad and Doubtful Debts of 5% of its year end Accounts Receivable.

Accounts Receivable at the end of two years were as follows:

31 December 2013	\$270 000
31 December 2014	\$255 000

- (a) (i) Starting with the balance on 1 January 2013, prepare the Provision for Bad and Doubtful Debts Account for the two years ended 31 December 2014.

Show dates appropriately and balance the account at the end of each year.

Date	Details	\$	Date	Details	\$

(7 marks)



- (ii) Prepare a Balance Sheet extract for Gargar Mell Company for 2014 showing the effect of the provision on Accounts Receivable.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)



- (b) The Gargar Mell Company maintains separate ledger accounts for Rent Expenses and Commission Revenue. During the year ended 31 December 2015, Gargar Mell Company recorded the following information:

1 January 2015	Prepaid Rent \$600
30 June 2015	Rent paid \$5 000
30 November 2015	Rent paid \$5 000

Rent Expense is \$12 000 per year.

Using the form below, prepare the Rent Expenses Account for the year ended 31 December 2015.

Date	Details	\$	Date	Details	\$

(6 marks)



- (c) Gargar Mell Company was owed \$2 500 in Commission Revenue on 1 January 2015. During the year an amount of \$14 000 was received and deposited into the company's bank account. At the end of the year there were no amounts outstanding or received in advance for Commission Revenue.

- (i) Under which heading in the Balance Sheet of the previous year would the \$2 500 have been recorded?

.....

.....

(1 mark)

- (ii) Using the form below, prepare the Commission Revenue account for the year ending 31 December 2015.

Date	Details	\$		Date	Details	\$

(3 marks)

Total 20 marks



5. Derek Davis, the sole proprietor of DD's Jam Shoppe, started trading on **1 January 2015** and provides you with the following list of balances which was extracted from his books on **31 March 2015**.

Inventory on 31 March 2015 was valued at	1 654	
Bank	6 875	
Cash	699	
Accounts Receivable	450	
Accounts Payable		1 922
Fixtures, Fittings and Equipment	7 780	
Premises	25 000	
Capital		32 484
Transportation Out	396	
Discounts	160	185
Wages and Salaries	4 750	
Utilities (including water rates)	1 180	
Rent Revenue		3 000
Loan		2 560
Gross Income		8 793

Additional information at 31 March 2015:

- Fixtures, Fittings and Equipment is to be depreciated at 20% per annum, using the straight line method.
- One employee has not yet been paid his wages of \$900.
- The Water Company has a credit of \$160 for payment received in advance.
- Mr Davis rents part of his shop premises to a tenant, who owes \$1 500 in rent for the month of March.
- Interest is to be calculated on the Loan at the rate of 15% per annum.

GO ON TO THE NEXT PAGE



- DO NOT WRITE IN THIS AREA

[illegible]

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

(b) Using the information provided on page 20 for DD's Jam Shoppe:

(i) Draw up the list of Current Assets, using the order of permanence.

.....

.....

.....

.....

.....

.....

.....

.....

(4 marks)

(ii) Draw up the list of Current Liabilities.

.....

.....

.....

.....

.....

.....

(3 marks)

(iii) Calculate the Working Capital. (Show workings.)

.....

.....

.....

(2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE



DO NOT WRITE IN THIS AREA

6. Intergalactic Voyages is a limited company. On 1 April 2015, the following information is available.

	Ordinary Shares	Preference Shares
Authorized Share Capital	500 000 at \$1.00 each	200 000 8 per cent at \$2.50 each
Issued Share Capital	300 000 at \$1.50 each	100 000 8 per cent at \$2.50 each
\$400 000 6 per cent Debentures were also issued for cash.		

All shares and debentures were fully subscribed and paid up.

- (a) **Using the form provided below**, prepare the journal entry to record the issue of the shares and another journal entry to record the issue of debentures.

Date	Particulars	Debit	Credit

(9 marks)

GO ON TO THE NEXT PAGE



- (b) At the end of one year's trading, the company reported a Net Operating Profit of \$576 000. The directors proposed the following:

(i)	Pay dividends to all shareholders, including dividends of 55 cents per share to ordinary shareholders
(ii)	Transfer \$180 000 to General Reserve

Using the form provided below, prepare the Appropriation Account for Intergalactic Voyages Company Ltd for the year ended 31 March 2015.

(7 marks)



- (c) How did the issue of debentures affect the Net Operating Profit and by how much? (**Show working clearly.**)

.....

.....

.....

.....

(2 marks)

- (d) List any FOUR steps in the accounting cycle.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(2 marks)

Total 20 marks

GO ON TO THE NEXT PAGE



DO NOT WRITE IN THIS AREA

7. Mark Blue prepared the following Trial Balance for The Blue Co-operative for the year ended 31 December 2015.

The Blue Co-operative Trial Balance for January to December 2015		
	DR	CR
Accounts payable		22 000
Purchases		200 000
Patronage refund	4 000	
Discounts received		5 500
Loan interest received	360 000	
Premises at cost	270 000	
Inventory		76 000
Provision for depreciation — Premises	60 000	
Cash	5 800	
Equipment at cost		110 000
Accounts receivable		35 000
Rent received in advance	12 000	
Loan		108 000
Provision for depreciation — Equipment		29 000
Bank Interest earned	700	
Members honoraria	3 400	
Capital		107 000
Suspense		23 400
	<u>715 900</u>	<u>715 900</u>

GO ON TO THE NEXT PAGE



- (a) Prepare a corrected Trial Balance for “The Blue Co-operative” for the year ending 31 December 2015.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(10 marks)

GO ON TO THE NEXT PAGE



- (b) F. Phil recently started business with \$22 000 in the bank and recorded the following transactions for the month of July 2015.

2 May Bought equipment for \$7 000 paying by cheque
6 May Paid rent of \$1 200 by cheque
8 May Bought goods on credit from S. Sampson for \$3 500
12 May Sold goods on credit to M. Long for \$2 100
13 May Bought equipment on credit from Furniture & Things for \$2 500
22 May Paid S. Sampson \$3 500 by cheque
29 May Paid Furniture & Things \$1 500 by cheque

Starting with the opening bank balance, post the above transactions to the appropriate accounts in the relevant ledgers.

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE



DO NOT WRITE IN THIS AREA

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE



.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

GO ON TO THE NEXT PAGE



.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

.....
Name of Account

.....
Name of Ledger

Date	Details	\$	Date	Details	\$

(10 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

01239020/JANUARY/F 2016



0123902032

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

07 JANUARY 2016 (p.m.)



J1601239032

FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

TEST CODE

0	1	2	3	9	0	3	2
---	---	---	---	---	---	---	---

SUBJECT PRINCIPLES OF ACCOUNTS – Paper 032

PROFICIENCY GENERAL

REGISTRATION NUMBER

--	--	--	--	--	--	--	--	--	--

SCHOOL/CENTRE NUMBER

--	--	--	--	--	--

NAME OF SCHOOL/CENTRE

CANDIDATE'S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

SIGNATURE _____



0123903201



**DO NOT
WRITE ON
THIS PAGE**



0123903202

FORM TP 2016026



TEST CODE **01239032**

JANUARY 2016

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2015 Caribbean Examinations Council
All rights reserved.

01239032/JANUARY/F 2016



0123903203

Instructions: This paper consists of a case study and TEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.

Case Study

PART A

Vertis Enterprises, a novelty items company, which started business one and a half years ago, is putting together accounting records for the half-year ended 30 June 2015.

1. State the date at the beginning of Vertis Enterprises' current financial year.

.....
(1 mark)

2. List ONE journal and ONE ledger Vertis Enterprises would have used to keep its accounts for the half-year ended 30 June 2015.

Journal	
Ledger	

(2 marks)

GO ON TO THE NEXT PAGE



3. Vertis Enterprises submits the following figures to its Board of Directors for the half-year ended 30 June 2015.

	\$
Credit sales	186 500
Credit purchases	41 250
Returns Inwards	3 250
Rent paid for three months	3 000
Insurance paid up to end of financial year	14 400
Payments to Accounts Payable	69 750
Balance on Accounts Receivable	4 300
Receipt from 5-year 10% bank loan	24 000
Interest paid for first five months of the financial year	1 000
Wages paid for first six months of the financial year	26 000
Owner's salary paid	18 000
Closing inventory	6 115
Opening inventory	3 125
Opening bank balance	2 560
Receipts from Accounts Receivable	182 200

From the list above, give ONE example of EACH of the following type of account:

Nominal Account	
Personal Account	
Current Liability	
Current Asset	
Long-term Liability	

(5 marks)

GO ON TO THE NEXT PAGE



4. **From the information provided on page 5, prepare the Trading Account for Vertis Enterprises for the half-year ended 30 June 2015.**

.....

.....

.....

.....

.....

.....

.....

.....

.....

(7 marks)

5. (a) In what section of the Balance Sheet will the balance on Accounts Payable appear?

.....

.....

.....

(1 mark)

- (b) How will the amount labelled “Owner’s salary” be treated in the Balance Sheet?

.....

.....

.....

(1 mark)



6. From the information provided, calculate the following amounts, **(show working clearly)**:

(a) Total amount of accrued expenses as at end of half-year on 30 June 2015

.....
.....
.....

(3 marks)

(b) Total amount of prepaid expense as at end of half-year on 30 June 2015

.....
.....
.....

(2 marks)

7. **Using the information provided on page 5** and starting with the opening bank balance, prepare the Summarized Bank Account for the half-year ended 30 June 2015.

**Vertis Enterprises
Summarized Bank Account**

	\$		\$

(6 marks)

GO ON TO THE NEXT PAGE



PART B

The owner of Vertis Enterprises has hired an accountant to manage the increasing amount of Accounts Receivable that are unable to pay the amounts owed. The accountant is supplied with the following information:

- Debtors are offered a 2% discount allowed on amounts paid within 30 days. By 30 June 2015, Accounts Receivable totalling \$95 600 had paid their debts within the 30-day period.
- The balance remaining on the Accounts Receivable as at 30 June 2015 included \$2 600 of credit sales made in the month of February 2015.
- The firm writes off 50% of all debts owing for more than 3 months.
- The other 50% of debts owing for more than 3 months is treated as the closing balance in the Provision for Doubtful Debts Account as at 30 June 2015.
- At the end of Vertis Enterprises' first financial year, \$450 had been treated as doubtful debts.

8. (a) Calculate, for Vertis Enterprises, the amount to be shown as cash discount allowed.

.....

.....

.....

.....

.....

.....

(1 mark)

- (b) In what way is a cash discount treated differently from a trade discount?

.....

.....

.....

.....

.....

.....

(1 mark)

GO ON TO THE NEXT PAGE



9. (a) Prepare the Bad Debts Account to show the reduction in Accounts Receivable as well as the appropriate closing entry as at 30 June 2015.

Vertis Enterprises
Bad Debts Account

Date	Details	\$	Date	Details	\$

(3 marks)



- (b) Starting with the balance at the beginning of this financial year, prepare the account to treat with doubtful debts up to 30 June 2015. **(Make sure to include relevant dates.)**

Vertis Enterprises
Provision for Doubtful Debts Account

Date	Details	\$	Date	Details	\$

(2 marks)



10. Vertis Enterprises purchased the following assets on 1 January 2014. Taking the date of purchase into consideration, complete the form provided below. (Show workings clearly below the table and round off figures where necessary.)

Asset	Method of Depreciation	Rate per Annum	Cost Price (\$)	Net Book Value as at 31 Dec. 2014 (\$)	Depreciation Expense for Period Ended 30 June 2015 (\$)
Land and buildings	Straight line	25 years useful life	800 000		
Manufacturing equipment	Reducing balance	8%	78 500		

(5 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

01239032/JANUARY/F 2016



0123903211

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

[illegible]

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

FORM TP 2016103



TEST CODE **01239020**

MAY/JUNE 2016

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 02 – General Proficiency

3 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions in Section I and TWO questions from Section II.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins or above or below the question.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2015 Caribbean Examinations Council
All rights reserved.

01239020/F 2016

“*”Barcode Area”*” Sequential Bar Code

SECTION I

Answer the THREE questions in this section.

Write your answers in the spaces provided in this booklet.

1. Metevier and Moreno have been in partnership over the last year. Their partnership agreement includes the following.

Interest on capital	10% per annum
Interest on drawings	5% per annum

- (a) **Other than the rate at which profit or loss is to be shared**, name TWO other features that may be included in a partnership agreement.

.....

.....

(2 marks)

- (b) Since the partnership agreement of Metevier and Moreno is silent, what rate should be used to share the firm's net profit or net loss?

.....

(1 mark)

- DO NOT WRITE IN THIS AREA**

DO NOT WRITE IN THIS AREA

T WRITE IN THIS AREA ***DO NOT WRITE IN THIS AREA***

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

2. (a) Tova Joyce, a sole trader, had already calculated her gross profit for the year ended 31 December 2015, but must make some changes to her accounting information. Complete the required changes for Tova Joyce using the information set out below.

- Closing inventory was counted and valued at \$8 670.
- Tova Joyce had withdrawn \$900 in inventory for her personal use after the closing inventory had been counted and valued.
- Goods valued at \$185 were returned to the supplier on 31 December although they had been included in the count and valuation of the closing inventory.

Use either the T-account format OR the lines below to show the changes needed to provide a more accurate value for Tova Joyce's closing inventory.

TOVA JOYCE
Revised Closing Inventory

Date	Details	\$	Date	Details	\$

(4 marks)

GO ON TO THE NEXT PAGE

(b) Errors were also discovered in Tova Joyce's bank records. The information is provided below.

- The balance at bank showed an overdraft of \$6 340 before the following items were discovered.
- Additional equipment was bought by cheque on 01 January 2015 for \$1 900 but had not been recorded in the books of account.
- J. Lawrence, a debtor who owed Tova Joyce \$430, sent a cheque for \$200 and indicated that he was unable to pay any more.

Compute the new bank overdraft balance.

TOVA JOYCE
Bank Account

Date	Details	\$	Date	Details	\$

.....

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)

GO ON TO THE NEXT PAGE

- (c) Tova Joyce produces the following information for your consideration.

	\$	\$
Old equipment	58 000	
Gross profit before all changes and corrections		46 690
Insurance expense	320	

On investigation, it was found that the following items also had not been properly recorded:

- Depreciation on old and new equipment had not been charged at the company's rate of 25% per year.
- The owner had donated \$300 in cash to an animal shelter.

Calculate Tova Joyce's net profit for the year ended 31 December 2015 after taking into consideration all necessary changes and corrections.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(5 marks)

GO ON TO THE NEXT PAGE

- (d) Prepare the classified Statement of Financial Position (Balance Sheet) for Tova Joyce as at 31 December 2015 based on

- the relevant information provided in Parts (a)–(c)
- the revisions you have made and
- the additional balances provided.

Use the lines provided on page 11.

	\$	\$
Buildings	46 100	
Cash in hand	3 120	
Equipment	58 000	
Accounts receivable	6 910	
Accounts payable		4 990
Capital		66 500

GO ON TO THE NEXT PAGE

Total 20 marks

01239020/F 2016

“*”Barcode Area”*”
Sequential Bar Code

3. In September, Grenade's Cash Book showed an overdrawn balance of \$3 400 which did not agree with the balance on his bank statement. In checking his Cash Book with his bank statement Grenade observed the following:

- A cheque paid to Blue for \$1 238 was correctly entered in the bank statement but entered in the Cash Book as \$1 328.
- Bank charges for the month of \$100 were entered on the bank statement but not in the Cash Book.
- The bank paid Grenade's insurance of \$900 as instructed by standing order.
- Deposits of \$8 000 made to the bank account on 29 September did not appear on the bank statement.
- Dividends of \$2 100 from Red Ltd was paid directly to Grenade's bank account.
- Four cheques totalling \$5 200 have not been presented to the bank for payment.
- A cheque for \$300 received from Yellow on 02 September had been returned by the bank for insufficient funds.

(a) (i) Prepare Grenade's updated Cash Book for the month of September.

Grenade
Updated Cash Book as at 30 September

Date	Details	\$	Date	Details	\$

(9 marks)

GO ON TO THE NEXT PAGE

- (ii) Prepare Grenade's Bank Reconciliation Statement for the month of September.

.....

.....

.....

.....

.....

.....

(4 marks)

- (b) List TWO bank statement items which would be used to adjust the net income if the net income was calculated before the bank statement was received.

.....

.....

.....

(2 marks)

- (c) List ONE internal user and ONE external user of accounting information.

.....

.....

.....

.....

(2 marks)

GO ON TO THE NEXT PAGE

- (d) Complete the following table by stating the accounting concept or principle violated in each given situation.

Situation	Concept
A business owner pays the wage of his housekeeper and charges it to business expenses.	
A business owner plans to sell old equipment next year at a profit of \$6 000 but he records that amount as profit in this year's income statement.	
Every year a business owner uses different methods to depreciate his non-current assets.	

(3 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

NOTHING HAS BEEN OMITTED.

GO ON TO THE NEXT PAGE

01239020/F 2016

“*”Barcode Area”*” Sequential Bar Code

SECTION II

Answer any TWO questions in this section.

Write your answers in the spaces provided in this booklet.

4. Little People Furnishings is a manufacturer of table-and-chair sets for toddlers. The following is a list of revenue and expenses for the year ended 31 December 2015.

	\$
Sales	278 800
Raw materials at 01 January 2015	5 000
Purchases of raw materials during the year	112 000
Finished table-and-chair sets on hand at 01 January 2015	66 000
Factory workers' wages	48 000
Office workers' wages	35 000
Plant and machinery at cost	92 000
Provision for depreciation on plant and machinery	18 400
Fixtures and fittings at cost	27 500
Provision for depreciation on fixtures and fittings	5 500
Repairs to fixtures and fittings	4 000

The following additional information was also provided at 31 December 2015:

- Raw materials at 31 December 2015 was valued at \$90 000.
- Finished table-and-chair sets on hand were valued at \$12 700.
- A licence fee of \$2 per set is to be paid for each of the 12 900 sets manufactured this year.
- Plant and machinery are to be depreciated \$7 360 for the year.
- Fixtures and fittings are to be depreciated at 20% per annum, using the straight line method. All expenses related to fixtures and fittings are to be allocated 40% to the factory and 60% to administration.

GO ON TO THE NEXT PAGE

- DO NOT WRITE IN THIS AREA

[illegible]

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- (c) During the year ended 31 December 2015, Little People Furnishings manufactured a total of 12 900 table-and-chair sets. Calculate the unit cost of production for the year.

.....

.....

.....

.....

.....

.....

(2 marks)

Total 20 marks

5. St James Sports and Cultural Club presented the following balances at 01 July 2014.

	\$
Owing for bar supplies	3 200
Subs in arrears	2 500
Premises at cost	150 000
Equipment at cost	70 000
Bar inventories	1 300
Subscription in advance	1 700
Loans to members	3 100
Provision for depreciation:	
Premises	30 000
Equipment	22 000
Fees owing to bank	700
Bank	10 900
Cash	700
Periodicals and magazines	4 200

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- [illegible]

GO ON TO THE NEXT PAGE

- (b) The club has 320 members who pay \$100 each as annual subscription. The following information was extracted from the records for the year ended 30 June 2015.

	01 July 2014	30 June 2015
Subscription in arrears	\$2 500	\$1 400
Subscription in advance	\$1 700	\$2 100

Prepare the subscription account for the year ended 30 June 2015, showing clearly:

- (i) The amounts transferred to the Income & Expenditure Account
- (ii) The payments received during the year

Date	Details	\$	Date	Details	\$

(7 marks)

- (c) The following information was extracted from the books of St Andrews Archery Club.

Receipts and payments account

Bar takings	\$12 450
Bar expenses	\$ 1 900

Inventory account

Opening	\$ 1 300
Closing	\$ 1 800

Additional information:

- Bar purchases totalled 3.5 times the average inventory for the year.

Prepare the bar's Trading Account for the year ended 30 June 2015.

(6 marks)
Total 20 marks

GO ON TO THE NEXT PAGE

NOTHING HAS BEEN OMITTED.

GO ON TO THE NEXT PAGE

01239020/F 2016

“*”Barcode Area”*”
Sequential Bar Code

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

6. (a) List THREE essential features or principles of a cooperative.

.....

.....

.....

.....

.....

.....

.....

.....

(3 marks)

GO ON TO THE NEXT PAGE

- (b) Delcer High School had 1 650 students who were all members of the Delcer High School Cooperative. Each student member purchased 10 shares at a cost of \$10 per share. On 31 December 2015 the following data was extracted from the books of the cooperative.

	\$
Cash in hand and at bank	12 050
Accounts payable	1 600
Investments in other cooperatives	183 430
Non-current assets at cost	40 000
Statutory Reserve Fund at 01 January 2015	30 000
Education Fund at 01 January 2015	18 200
Undistributed surplus at 01 January 2015	7 450
Surplus made for the year	21 000

Additional information at 31 December 2015:

- Inventory of unsold goods was valued at \$800.
- General expenses of \$554 were unpaid.
- Interest due on investments totalled \$7 524.
- The Board of Management decided to transfer from surplus made for the year to Reserves as follows:
 - 20% to the Statutory Reserve Fund
 - 10% to the Education Fund
- Dividends were to be paid on members' shares at the rate of 5% of their investment.

Using the form provided on page 27, prepare the Appropriation Account for the Delcer High School Cooperative for the year ended 31 December 2015.

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- [illegible]

Total 20 marks

01239020/F 2016

“*”Barcode Area”*”
Sequential Bar Code

7. Three employees working in the Gru Gru Country earned gross monthly income as follows:

S. Darbeau	\$4 800
E. Jacob	\$2 400
R. Sharpe	\$8 000

In Gru Gru Country, the first \$2 500 earned in treated as non-taxable income. Earnings above \$2 500 is subject to tax at various rates as follows:

Taxable income between \$1 and \$2 500	0%
Taxable income between \$2 501 and \$5 000	15%
Taxable income between \$5 001 and over	30 %

- (a) Using the form provided below, calculate the income after tax for each employee.

Name	Gross Income	Non-Taxable Income	Taxable Income	Applicable Tax Rate	Income Tax	Income After Tax
S. Darbeau						
E. Jacob						
R. Sharpe						

(7 marks)

GO ON TO THE NEXT PAGE

- (b) Other compulsory deductions from income include:

National Insurance	5% of Gross Pay
Health Insurance	4% of Taxable Income
Pension Contributions	1% of Gross Pay

Using the form provided below, calculate the net income for each employee.

Name	Income After Tax	National Insurance	Health Insurance	Pension Contribution	Total Deduction	Net Pay
S. Darbeau						
E. Jacob						
R. Sharpe						

(8 marks)

- (c) (i) Distinguish between statutory and non-statutory deductions.

.....

.....

.....

.....

(2 marks)

- (ii) Name THREE basic source documents of the payroll.

.....

.....

.....

(3 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

01239020/F 2016

“*”Barcode Area*”
Sequential Bar Code

FORM TP 2016104



TEST CODE **01239032**

MAY/JUNE 2016

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**C A R I B B E A N S E C O N D A R Y E D U C A T I O N C E R T I F I C A T E[®]
E X A M I N A T I O N**

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins or above or below the page.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2015 Caribbean Examinations Council
All rights reserved.

01239032/F 2016

“*”Barcode Area”*”
Sequential Bar Code

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

D

- (1 mark)**

- (1 mark)**

**POOHS Enterprises
General Journal**

Date	Details	f	\$	\$

GO ON TO THE NEXT PAGE

“*”Barcode Area”*”
Sequential Bar Code

During the year ended **31 December 2014**, POOHS Enterprises recorded the following information about its business in safety and security equipment.

Type of Good	Opening Inventory	Purchases	Sales
Smoke alarms	200 @ \$140 each	2000 @ \$150 each	1900 @ \$190 each
Sprinkler systems	12 @ \$4 000 each	25 @ \$4 250 each	32 @ \$6 000 each
Fire extinguishers	17 @ \$260 each	45 @ \$230 each	48 @ \$350 each
Personal safety equipment	12 boxes @ \$120 per box	175 @ \$110 per box	180 @ \$100 per box
TOTAL VALUE	\$81 860		

4. Use the LIFO method of inventory valuation to calculate POOHS closing inventory on 31 December 2014. An inventory valuation form is provided below for you.

INVENTORY VALUATION FORM — LIFO

Type of Good	Opening Inventory	Purchases	Sales	BALANCE		
				Units	Cost Price (\$)	Value (\$)
Smoke alarms						
Sprinkler systems						
Fire extinguishers						
Personal safety equipment						

(7 marks)

5. Name another method of valuing inventory which POOHS could have used.

.....
(1 mark)

GO ON TO THE NEXT PAGE

6. Calculate the TOTAL value of sales for EACH item in POOHS Enterprises' list of safety items sold for the year ended 31 December 2014.

.....

.....

.....

.....

.....

.....

.....

.....

(2 marks)

7. Draw up a Trading Account to show the gross profit made by POOHS Enterprises for the year ended 31 December 2014.

.....

.....

.....

.....

.....

.....

.....

.....

(5 marks)

8. Calculate POOHS Enterprises' gross profit margin for the year ended 31 December 2014. (Show working and round off answer to one decimal place.)

.....

(2 marks)

GO ON TO THE NEXT PAGE

9. Peter Outridge, the owner of POOHS Enterprises, thinks that his gross profit margin percentage is low.

(a) What can Peter use to determine whether his profit margin is low or not?

.....

.....

.....

(1 mark)

(b) Use information on inventory provided **on page 5** to indicate to Peter Outridge what may be ONE cause of his low profit margin.

.....

.....

.....

(1 mark)

(c) Name ONE other ratio that Peter Outridge can use to measure the performance of his business.

.....

.....

.....

(1 mark)

GO ON TO THE NEXT PAGE

POOHS Enterprises provides the following information for the six months ended **30 June 2015**. All receipts and payments are by cheque.

01 January	Opening balance \$45 600.
01 January	Paid \$30 000 for rent for the period by 01 January 2015 – 30 June 2015.
20 February	Owner cashed \$12 900 cheque for personal use.
14 March	Credit sales to Farrell Business Solutions amounted to \$191 000. The terms agreed on were net 5% discount if bill paid within three months.
24 May	Cash sales amounted to \$86 200 of which \$85 200 was sent to the bank. POOHS Enterprises paid Executive Security \$7 750 to transport cash to bank.
01 June	Received amount in full settlement from Farrell Business Solutions.
30 June	Cash sales of \$42 800 sent to bank. Transport cost of \$2 150 paid to Executive Security.
30 June	Paid two years' worth of annual interest in advance to Prime Rate Loan Company.

GO ON TO THE NEXT PAGE

01239032/F 2016

“*”Barcode Area”
Sequential Bar Code

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- DO NOT WRITE IN THIS AREA

[illegible]

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

11. Assuming no additional money was paid for Rent Expense, prepare the adjusting entry as at 31 December 2015 in POOHS Enterprises' General Journal.

.....

.....

.....

.....

(2 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

01239032/F 2016

“*”Barcode Area”*”
Sequential Bar Code

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA