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BOOKKEEPING & ACCOUNTS

PAPER 2 2009/2

Thursday 31 MAY 2012 9.00 A.M. – 12.00 Noon

Additional materials: None

Time: 3 hours

MINISTRY OF EDUCATION
NATIONAL EXAMINATIONS

BAHAMAS GENERAL CERTIFICATE OF SECONDARY EDUCATION

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.

Write your school number, candidate number, surname and initials in the spaces provided on this question booklet.

You **MUST** answer **BOTH** questions from Section A plus **ANY THREE** from Section B.

Answer **ALL** questions on the sheet provided at the end of each question.

Calculators may be used.

Show working where appropriate.

The marks for each question are shown in brackets [ ] at the end of each question or part-question.

FOR EXAMINERS USE ONLY	
Question 1	
Question 2	
Question 3	
Question 4	
Question 5	
Question 6	
Total Score	

298

SECTION A – MANDATORY QUESTIONS

INSTRUCTIONS: You MUST answer the TWO questions in this section showing your workings in the space provided. Marks available for each question or part-question are indicated at the end in brackets [ ]. All working must be shown and is to be done in INK in the spaces provided.

1. Bumpy Rhodes does not keep a full set of books. The following is a summary of the Bank Account for the year ended 31 December 2010.

BANK RECEIPTS	**$**	
Balance b/d	***3 640***	
Debtors	***40 200***	
Commission Received	***1 850***	
Rent Received	***18 000***	
Sales	***124 500***	***188 190***
BANK PAYMENTS	***$***	
Drawings	***30 650***	
Purchases	***78 100***	
General Expenses	***35 330***	
Equipment	***7 200***	
Creditors	***33 000***	***184 280***

The following additional information is also available:

BALANCE	**1 January 2010**	**31 December 2010**
Land	***150 000***	***150 000***
Capital	***238 190***	
Premises	***80 000***	***80 000***
General Expenses Accrued	***2 000***	***2 400***
Stock	***22 200***	***36 140***
Debtors	***12 350***	***15 240***
Creditors	***28 000***	***40 100***
NOTE: Depreciation is to be ignored		

YOU ARE REQUIRED TO:

A. Calculate Rhodes' ***TOTAL PURCHASES*** and ***TOTAL SALES***. [6]

B. Prepare a ***Trading & Profit & Loss Account*** for the year ended 31 December 2010. [7]

C. Prepare a ***Balance Sheet*** as at 31 December 2010. [7]

TOTAL MARKS [20]

2. The At-My-Age Social Club had the following assets and liabilities at 1 June 2010:

Balances:	
Cash	***$3 250***
Bank	***$4 470***
Furniture	***$24 520***
Subscriptions Owing	***$2 850***
General Expenses Accrued	***$750***

Cash payments for the month of June 2010 were:

	$
Dance expense	***4 680***
Wages and Salaries paid	***5 800***
Purchase of furniture	***2 470***
General Expenses	***9 900***

Receipts for the month of June were:

	$
Subscriptions received	***6 200***
Receipts from dance	***6 390***
Receipts from Raffles and Bingo	***2 050***
Donations received	***4 380***

A. Calculate the Club's ***Accumulated Funds*** at 1 June 2010. [3]

B. Prepare a ***Receipts and Payments Account*** for the month ended 30 June 2010. [10]

C. Prepare an ***Income & Expenditure Account*** for the month ended 30 June 2010. [7]

TOTAL MARKS [20]

SECTION B – OPTIONAL QUESTIONS

INSTRUCTIONS: Answer any THREE of the four questions in this section. Show all working and complete answers in INK. Use the space provided for answers.

3. (i) Describe the following terms as they relate to Limited Companies:

(a) Authorised Capital

____

____

____ [1]

(b) Issued Capital

____

____

____ [1]

(c) Called-up Capital

____

____

____ [1]

(d) Paid-up Capital

____

____

____ [1]

(e) Debentures

____

____

(f) Dividends

____

____

____ [1]

[6]

(ii) Maycock and Luna Enterprises Ltd. was formed with the legal right to issue one (1) million shares of $5 each. The company has actually issued 750 000 shares. None of the shares have been fully paid up. Thus far the company has made calls of four ($4) dollars per share. Payment by shareholders has been received for all calls except for $1 500 from one shareholder.

CALCULATE the amount for each of the following items based on the information provided above:

(a) Authorised Share Capital

____

____ [1]

(b) Issued Share Capital

____

____ [1]

(c) Called-up Share Capital

____

____

____

____ [2]

(d) Paid-up Share Capital

____

____

____

____ [2]

(e) Uncalled Capital

____

____

____

____ [2]

(f) Calls in Arrears

____

____ [2]

[10]

(iii) (a) Explain **ONE** difference between **ORDINARY** shares and **PREFERENCE** shares.

____

____

____

____ [2]

(b) Explain **ONE** difference between **CUMULATIVE** and **NON-CUMULATIVE PREFERENCE** shares.

____

____

____

____ [2]

[4]

TOTAL MARKS [20]

4. Lyrical Master is a manufacturer of musical instruments. The following balances were extracted from the business's records at the end of the financial year, 31 December 2011:

	$
Stocks at 1 January 2011:	
Raw materials	***81 600***
Work-in-Progress	***125 300***
Finished Goods	***115 440***
Stocks at 31 December 2011:	
Raw materials	***94 500***
Work-in-Progress	***154 300***
Finished Goods	***85 440***
Plant and Machinery	***150 000***
Office Equipment	***66 900***
Insurance	***3 000***
Electricity	***43 200***
Rent	***96 000***
Selling and Distribution expenses	***29 700***
Direct Factory Power	***40 000***
Purchases of raw materials	***314 000***
Production Wages	***450 000***
Factory Supervisor Wages	***98 600***
Administration Staff Salaries	***136 800***
Sales of Finished Goods	***2 000 000***
Provision for depreciation – Plant & Machinery	***60 000***

The following additional information is available at 31 December 2011:

- Plant and Machinery is to be depreciated by 33% reducing balance method and Office Machinery by 10% straight line.

- Expenditure on Insurance and Electricity are to be allocated on the following basis: Factory 1/3; Administration 2/3.

- Expenditure on Rent is to be shared equally between Factory and Administration.

YOU ARE REQUIRED TO:

(a) Explain **ONE** difference between ***DIRECT*** and ***INDIRECT*** costs. Give an example of each of these costs from Lyrical Master's balances.

____

____

____ [3]

EXAMPLES:

DIRECT COST: ______________________________________ [1]

INDIRECT COST: ____________________________________ [1]

(b) Explain **ONE** difference between ***FIXED*** and ***VARIABLE*** costs. Give an example of each of these costs from Lyrical Master's balances.

____

____

____ [3]

EXAMPLES:

FIXED COST: _______________________________________ [1]

VARIABLE COST: ___________________________________ [1]

(c) Appropriate Lyrical Master's costs between the Manufacturing and Profit & Loss Accounts. Round figures to the nearest dollar. The first was done as an example.

COST	MANUFACTURING/ PROFIT & LOSS	AMOUNT
Example:	Manufacturing	–
Selling and Distribution Expenses	Profit & Loss	29 700
Depreciation – Office Machinery		
Depreciation – Plant and Machinery		
Electricity		
Insurance		
Factory Supervisor Wages		
Administration Staff Wages		
Rent		

[10]

TOTAL MARKS [20]

5. Tucker consigned goods to Bethel on 3 March and it was agreed that Bethel should receive a commission of 5% on sales plus an additional 2% del credere commission. The consignment consisted of 1 200 items valued at $50 each. Tucker paid $2 000 delivery charges and $1 600 insurance for the shipment.

On 30 June, Bethel submitted an Account Sales showing 840 items sold for $58 000. Bethel paid landing charges of $1 800 and $1 250 in selling expenses. A cheque for $45 000 was submitted in respect of sales.

On 30 September, additional sales were $26 000 and Bethel had incurred further selling expenses of $1 200. The amount due to Tucker was sent on 7 October.

YOU ARE REQUIRED TO:

A. Prepare the Account Sales as it would appear in the records of the consignee.

[8]

B. Calculate the ***VALUE*** of unsold stock held by Bethel on 30 June. Show all working.

[7]

C. Calculate the amount that was due to be paid to Tucker on 7 October.

[5]

TOTAL MARKS [20]

6. The following balances appeared in the books of P. J. Young at 30 June 2010:

	$
Accrued Expenses	*300*
Bank Loan	*10 000*
Capital, 1 July 2009	*30 000*
Cash at Bank	*4 100*
Cash in Hand	*640*
Creditors	*6 840*
Debtors	*9 184*
Equipment	*10 000*
Furniture	*6 000*
Motor Vehicles	*16 000*
Net Profit for the year	*5 480*
Stock	*6 696*

YOU ARE REQUIRED TO:

(a) Use the information above to calculate each of the following showing your working:

(i) Current Assets

____

____

____

____

____

______________________________ [4]

(ii) Current Liabilities

____

____

______________________________ [2]

(iii) Fixed Assets

[3]

(iv) Working Capital

[2]

(v) Current Ratio

[2]

(vi) Acid Test Ratio

[2]

(b) State how each of the following ratios may be used to analyse the business's financial position.

(i) Current Ratio

____

____

____

____ [2]

(ii) Acid Test Ratio

____

____

____

____ [3]

TOTAL MARKS [20]