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BOOKKEEPING & ACCOUNTS

PAPER 1 2009/1

Friday **24 MAY 2013** 1:00 P.M.–3:00 P.M.

Additional materials:
None

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.

Answer **ALL** questions in the booklet.

Calculators may be used.

Show working where appropriate.

ALL answers must be written in **INK** for Section B. Answers written in pencil **will not** be graded.

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

FOR EXAMINER'S USE ONLY	
Section A Multiple Choice Questions (30 marks)	
Section B Application Problems (70 marks)	
Question 1 [14]	
Question 2 [14]	
Question 3 [14]	
Question 4 [14]	
Question 5 [14]	
TOTAL MARKS	

This question paper consists of 20 printed pages.

SECTION A

Multiple Choice
(30 marks)

INSTRUCTIONS: Read each question carefully. Choose the **ONE** answer you think is correct and circle the corresponding letter. Answer **ALL** questions.

1. Which of the following equations properly represents the fundamental accounting equation?

   A. assets + liabilities = capital

   B. assets + capital = liabilities

   C. assets − liabilities = capital

   D. capital − liabilities = assets [1]

2. What is the main objective of providing depreciation?

   A. To allocate the expense for the use of an asset.

   B. To show the financial position in the balance sheet.

   C. To provide funds for the replacement of fixed assets.

   D. To write off the cost of an asset. [1]

3. R. Runner provided the following information about his balance sheet:

Cash	$ 100	Machinery	$6 400
Bank Loan	$2 500	Debtors	$1 800
Cash at Bank	$5 200	Creditors	$ 300

   Based on the information provided above, calculate R. Runner's capital.

   A. $10 700

   B. $11 000

   C. $11 300

   D. $13 500 [1]

4. A trader made the following payments:

	$
Vehicle Repairs	1 000
Extension To Building	2 000
New Tyre For Van	100
Office Equipment	4 000
Carriage On New Office Equipment	200

What is the total capital expenditure?

A. $4 300

B. $6 200

C. $6 300

D. $7 000 [1]

5. Which statement best describes the term Returns Outward?

A. Goods returned by the customer

B. Goods returned to the customer

C. Goods returned by the supplier

D. Goods returned to the supplier [1]

6. A company had sales of $35 000, Purchases $21 000 and cost of goods sold of $20 000. What is the gross profit?

A. $15 000

B. $41 000

C. $55 000

D. $56 000 [1]

7. Which of the following best describes the reason for using a cash book?

   A. to record a purchase on credit

   B. to record both credit and cash transactions received and paid by the business

   C. to record both cash and bank transactions received and paid by the business

   D. to show only the cash payments made by businesses [1]

8. A business keeps a three column cash book. Where is the total of the discount column on the debit side posted?

   A. to the credit side of discounts allowed account

   B. to the credit side of discounts received account

   C. to the debit side of discounts allowed account

   D. to the debit side of discounts received account [1]

9. When a business issues cheques to withdraw more funds from its account than is actually deposited, this is called:

   A. bill of exchange

   B. overdraft

   C. reconciliation statement

   D. withdrawal [1]

10. Which of the following is a liability?

   A. Bank (credit balance)

   B. Bank (debit balance)

   C. Debtors

   D. Prepayment [1]

11. The Fly Fishing Company should record **all** of its financial information because?

    A. it is required to do so by law

    B. it needs to pay their creditors on time

    C. it is required by their customers

    D. it knows how much their debtors owe [1]

12. The business entity concept states that:

    A. accounting policies apply to all business entities

    B. an organisation and its owners are separate entities for accounting purposes.

    C. an organisation must prepare financial statements according to accounting concepts.

    D. financial statements should be prepared by all business organisations [1]

13. Which of the following is an asset?

    A. an overdrawn balance on the firm's bank account

    B. equipment owned by the business

    C. money owed by the firm to suppliers for credit purchases

    D. the capital of the business [1]

14. Purchases in accounting terms mean:

    A. all items bought

    B. all goods bought and paid for

    C. all goods bought on credit

    D. all those goods bought for resale [1]

15. How are **returns inwards** on credit recorded in the ledger?

	Debit	**Credit**	
A.	Cash	Returns Inwards	
B.	Customer	Returns Inwards	
C.	Returns Inwards	Cash	
D.	Returns Inwards	Customer	[1]

16. Joanna purchased a motor vehicle for personal use. This transaction was entered in the business motor vehicles account. What kind of error was this?

A. Commission

B. Compensating

C. Principle

D. Reversal [1]

17. A trial balance fails to balance. The difference was entered in a suspense account. It was later found that the sales journal has been overcast. What entry is required to correct this error?

	Debit	**Credit**	
A.	Debtor	Sales	
B.	Sales	Debtor	
C.	Sales	Suspense	
D.	Suspense	Sales	[1]

18. Which of the following is the correct treatment for stock in the trading account?

A. purchases + closing stock – opening stock

B. purchases – closing stock – opening stock

C. purchases + opening stock – closing stock

D. purchases + opening stock + closing stock [1]

19. What information is shown in a Trading Account?

A. the business assets equal the liabilities

B. the business has made a gross profit

C. the business has made a net profit

D. the business income exceeds expenditure [1]

20. Which term best describes sales less sales returns?

A. Cost of goods sold

B. Cost of merchandise sold

C. Turnover/net sales

D. Value of stock for resale [1]

21. Which of the following are correct?

	ASSETS	LIABILITIES	CAPITAL
(i)	11 000	2 450	8 550
(ii)	27 270	7 270	20 000
(iii)	41 865	15 745	26 120
(iv)	14 855	155	14 700

A. (i) and (iii)

B. (i) and (ii)

C. (iii) and (iv)

D. all of the above [1]

22. When a firm uses the straight line method of depreciation, it cannot change the method unless there is a good reason. Which accounting concept is this?

A. Consistency

B. Historical

C. Matching

D. Prudence [1]

23. If the petty cash box contained \$220 and the petty cash vouchers at that date totalled \$280, then the petty cash imprest amount is:

A. \$60

B. \$220

C. \$280

D. \$500 [1]

24. Which of the following should **NOT** be recorded in the Sales Ledger Control Account?

A. Credit sales

B. Bad debts written off

C. Provision for bad debt

D. Interest charged to debtors [1]

25. In order to calculate gross profit:

A. Add cost of goods sold to cost of goods available for sale

B. Deduct cost of goods sold from sales

C. Subtract cost of goods available for sale from cost of goods sold

D. Subtract net profit from expenses [1]

26. The principal use of the Trial Balance is to:

A. Ensure the arithmetical accuracy of the double entry

B. Identify omitted transactions

C. Show the financial position

D. Show the gross profit [1]

27. Which of the following is best practice procedure for locating errors in the ledger?

A. Add all amounts to find totals in each account.

B. Compare debit entries with credit entries.

C. Make sure that account balances are on the correct side.

D. Prepare a balance sheet. [1]

28. Fixed assets are recorded in:

A. Order of Equity

B. Order of Liquidity

C. Order of Permanency

D. Order of Reliability [1]

29. The instruction to the bank to make regular payments of varied amounts on behalf of the business is known as:

A. Direct credit

B. Direct debit

C. Direct deposit

D. Standing order [1]

30. On 1 June Asia sold goods on credit to Molly. Molly returned some of these goods to Asia the following day. In which order will Asia issue business documents in June?

A. credit note, invoice, statement

B. invoice, credit note, statement

C. invoice, statement, credit note

D. statement, credit note, invoice [1]

TOTAL MARKS [30]

SECTION B

APPLICATION QUESTIONS
(70 marks)

INSTRUCTIONS: ALL answers to this section should be written in the space provided or on the correct accounting sheets. Marks for each item are shown in the brackets at the end of the question.

1. T. Sharp's cash book (bank columns) had a debit balance of $400 on 31 March 2013. The bank statement at the same date showed that T. Sharp had a balance at the bank of $323. On checking the cash book against the bank statement the following differences were found:

   (a) A debtor, Mae Terry, paid $80 directly into the bank. This had not been recorded in the cash book.

   (b) Bank charges, $50, were included on the bank statement but had not been recorded in the cash book.

   (c) Insurance premium paid, $32, was recorded on the bank statement but not in the cash book.

   (d) Bank interest received of $60 has not been recorded in the cash book.

   (e) Three cheques, No.22 for $85, No.23 for $80 and No.24 for $100 sent to creditors had not yet been presented to the bank for payment.

   (f) An amount of $400 paid into the bank on 30 March did not appear on the bank statement.

   REQUIRED:

   (i) Starting with the balance on 31 March 2013, update the cash book and bring down the amended balance. [6]

   (ii) Prepare the bank reconciliation statement starting with the bank statement balance at 31 March 2013. [7]

   (iii) State one purpose of preparing a bank reconciliation statement. [1]

TOTAL MARKS [14]

(i)

[6]

(ii)

[7]

(iii)

[1]

TOTAL MARKS [14]

2. Complete the Final Account Worksheet for R. Heddy shown on the next page. The following adjustments have to be made:

(1) Closing stock – $1 850

(2) Insurance prepaid by $650

(3) Depreciation is to be provided for as follows per annum:

(a) Motor van 25% per annum straight line method

(b) Shop fittings 10% per annum reducing balance method

REQUIRED:

In the Final Accounts worksheet:

(i) Complete the **adjustments** [4]

(ii) Complete the **profit and loss account** [5]

(iii) Complete the **balance sheet** [5]

NB: Only answers completed in the worksheet will be accepted.

TOTAL MARKS [14]

FINAL ACCOUNTS WORKSHEET

Account	Trial Balance		Adjustments			Trading Account	Profit and Loss	Balance Sheet		
	Dr $	Cr $	Dr $	Cr $	Dr $	Cr $	Dr $	Cr $	Dr $	Cr $
Shop premises at cost	25 000									
Motor van at cost	3 700									
Shop fittings at cost	2 000									
Opening stock	1 500									
Provision for depreciation – fittings		200								
Provision for depreciation – van		900								
Purchases	81 500									
Sales		148 500								
Salaries and wages	21 100									
Motor expenses	13 300									
Insurance	2 200									
Interest received		450								
Debtors	2 150									
Drawings	24 100									
Cash at bank	33 450									
Capital		60 000								

3. The following transactions relate to L. Larimore's business:

1 April	He acquired land $10 000 from B & M Reality Ltd on credit.
2 April	He purchased a new vehicle for cash from BNC Motors Ltd $20 000.
3 April	J. Turnaround, a debtor, owed $250 on March 31. He is unable to pay his account in cash. Mr. Larimore received office supplies to the value of $250 in full settlement of the debt.
5 April	Mr. Larimore paid a bill of $300 for insurance. Later, he discovered that this amount was insurance for his private home.
7 April	A new vehicle, costing $20 000, was depreciated 20% of cost.

REQUIRED:

Prepare the journal entries with ***appropriate narratives and folio references*** to record Mr. Larimore's transactions for the week of 7 April 2013.

TOTAL MARKS [14]

JOURNAL

Date	Details	Folio	DR	CR

4. The following balances are in the ledger of J. Reach on 1 January 2012:

Telephone	$325 CR
Insurance	$900 DR
Rent Received	$400 CR

During the financial year ended 31 December 2012 the following transactions took place:

(1) Telephone bills were paid by cheques for the following months 28 April $200 and 2 Nov $300. A Telephone bill for $100 was received on 27 December, this was still unpaid on 31 December.

(2) Insurance of $700 was paid by cheque on the 23 November 2012. Of this, $300 represented Insurance premiums for 2013.

(3) 14 December received rent in advance from a tenant of $200 cheque.

REQUIRED:

(a) Prepare for year ending 31 December 2012 the ledger accounts for:

(i) Telephone [4]

(ii) Insurance [3½]

(iii) Rent Received [3½]

(b) Prepare for the year ended 31 December, 2012 a **<u>profit and loss Account extract</u>** to show the amounts charged. [3]

TOTAL MARKS [14]

5. K. Karl's profit and loss account showed a net profit for the year ended 31 March 2013 of $17 690. His Accountant subsequently discovered the following errors:

(1) The purchases day book had been undercast by $520.

(2) The cost of repairs to a delivery van of $450 had been debited to the Vehicle Repairs account.

(3) A payment of $500 for insurance had been completely omitted from the accounts.

(4) A cheque for $2 300 received from T. Milton, a debtor, had been credited to the account of T. Million.

(5) Discount received of $1 300 had been charged as an expense in the profit and loss account.

(6) The closing stock had been recorded in the trading account as $3 000. The correct figure was $300.

REQUIRED:

(a) Calculate the correct net profit. Show clearly whether each adjustment is added, subtracted or has no effect on the profit calculation. Correction (1) has been completed as an example.

Corrected net profit for the year ended 31 March 2013		
		$
	Net profit as given	17 690
(1)	*Purchases undercast* *Subtract*	*(520)*
(2)		
(3)		
(4)		
(5)		
(6)		

[7]

(b) Complete the table below with the type of errors that does not affect the balancing of the trial balance.

	Error	Name of Error
(1)	Sales invoice not entered.	
(2)	The correct amounts entered in the wrong person's account.	
(3)	When an item is entered in wrong class of accounts.	
(4)	Errors that cancel out the effects of each other.	
(5)	When the Utilities Expense is $354 and is entered as $345.	
(6)	An error which occur when the sequence of digits for a transaction is switched.	
(7)	When the debit and credit entry of a transaction is completed wrongly using the correct amounts.	

[7]

TOTAL MARKS [14]

School Number	Candidate Number
Surname and Initials	

BOOKKEEPING & ACCOUNTS

PAPER 2 2009/2

Friday 31 MAY 2013 9:00 A.M.–12:00 Noon

Additional materials:
None

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.

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

Calculators may be used.

Show working where appropriate.

FOR EXAMINER'S USE ONLY	
Section A Question 1	
Question 2	
Section B Question 3	
Question 4	
Question 5	
Question 6	
Total Score	

This question paper consists of 18 printed pages and 2 blank pages.

SECTION A
(40 marks)

INSTRUCTIONS: Answer both Question 1 and 2.

1. Bayleaf Company has a trading business with two departments, hardware and stationery. The following information was extracted from the books on 31 October 2012.

		$
Capital		*94 356*
Premises		*78 650*
Sales	*Hardware*	*107 250*
	Stationery	*35 750*
Purchases	*Hardware*	*75 460*
	Stationery	*20 180*
Drawings		*14 072*
Equipment and Fittings		*9 780*
Debtors		*3 574*
Creditors		*11 800*
Stock at 1 Nov. 2011		
	Hardware	*9 870*
	Stationery	*3 860*
Fixed Overhead Expenses		*2 860*
Advertising		*644*
Transport Expenses		*1 200*
Cash at Bank		*5 320*
Wages and Salaries:		
	Hardware	*17 160*
	Stationery	*6 435*

At 31 October 2012 the following adjustments have to be taken into account:

(i) Stock – Hardware \$8 424 and Stationery \$2 460.

(ii) \$160 was owing for transport expenses and \$100 of advertising had been paid in advance.

(iii) Fixed overhead expenses are to be divided 3/5 Hardware and 2/5 Stationery. Advertising and transport expense are to be allocated in proportion to sales.

(iv) Purchases Hardware included \$1 720 for equipment.

(v) Depreciation on Equipment and Fittings is 20% per annum straight line method. Depreciation should be shared Hardware 75% and Stationery 25%.

REQUIRED:

Prepare the Departmental Trading, Profit and Loss Account for the year ended 31 October 2012.

TOTAL MARKS [20]

Bayleaf
Departmental Trading, Profit and Loss Account
for the year ending 31 October 2012

	HARDWARE		STATIONERY	

2. The following balances were extracted from the books of Lauren and Holly on 31 December 2012 after a full year's trading:

	$
Gross Profit	*8 500*
General expenses	*150*
Rates	*167*
Discount received	*29*
Interest received	*1 000*
Loan	*1 200*
Capital:	
Lauren	*5 000*
Holly	*3 000*
Current Capital:	
Lauren	*240 Dr*
Holly	*444 Cr*
Drawings:	
Lauren	*1 000*
Holly	*300*

The Partnership agreement states:

(1) Interest to be paid on capitals at 5% per annum.
(2) Interest on drawings is charged at 2% per annum.
(3) Lauren is to receive a salary of $300.
(4) Interest on the loan to the partnership is to be paid at 3% per annum.
(5) Profits and Losses are to be shared in the ratio of capital contributed.

Other Information:

(1) Holly invested $2 000 in capital on 1 July 2012.
(2) Rates $16 were owing at 31 December 2012.

REQUIRED:

(a) Prepare the Lauren and Holly capital accounts at the 31 December 2012. [3]
(b) Prepare the Partnership Profit and Loss Appropriation Account for the year ended 31 December 2012. [9]
(c) Prepare the partners current accounts at the 31 December 2012. [6]
(d) Prepare the Capital Section of the balance sheet to show net assets at the 31 December, 2012. [2]

TOTAL MARKS [20]

SECTION B
(60 marks)

INSTRUCTIONS: Answer ANY THREE Questions from this section.

3. On 1 June 2012, Anna of Long Bay Cays sends 100 bags of coral jewelry costing \$200 each to John in Nassau. Anna paid \$1 500 for freight and insurance. John is allowed an ordinary commission of 7½% and a Del Credere commission of 2½%.

   On the 30 November 2012, John sent an Account Sales showing the following information:

   (i) Gross proceeds of 80 bags of coral jewelry \$18 000

   (ii) Landing charges \$1 000

   (iii) Transportation \$500

   (iv) Advertising expense \$3 000

   (v) Commissions

   John enclosed a bank draft for the net proceeds of sales.

   REQUIRED:

   (a) Prepare the following document and account as they would appear in the books of John of Nassau:

   (i) Account Sales [7]

   (ii) Consignment Inwards Account [7]

   (b) Calculate the value of unsold stock held by John. [6]

TOTAL MARKS [20]

ACCOUNT SALES

(i) Consignment of goods sold on behalf of:

Prepared on 30 November 2012

	$	$

[7]

(ii) Consignment Inwards Account (Anna)

[7]

TOTAL MARKS [20]

4. The following balances have been taken from the incomplete records of Easy Engravers.

	30 November 2011	30 November 2012
	$	*$*
Capital	***10 000***	
Motor Van	***1 740***	
Equipment	***3 140***	
Stock	***10 180***	***13 760***
Creditors	***15 220***	***16 420***
Debtors	***10 040***	***11 380***
Bank (debit balance)	***300***	

Receipts and payments during the year ended 30 November 2012:

Details	$	Details	$
Cash sales	***5 060***	***Drawings***	***8 100***
Receipts from customers	***64 780***	***Heating and lighting***	***8 706***
		Rent and rates	***840***
		Salaries and wages	***6 740***
		Payment to suppliers	***49 500***

ADDITIONAL INFORMATION:

(1) Salaries and wages $160 were accrued.

(2) Rent and rates were prepaid $200.

(3) Depreciation is provided at 10% per annum on equipment and 20% per annum on motor van straight line method.

REQUIRED:

(a) Prepare Easy Engravers Trading, Profit and Loss Account for the year ended 30 November 2012. ***Show all workings.*** **Calculate total purchases, total sales and closing bank balance.** [11]

(b) Prepare Easy Engravers Balance Sheet at the 30 November 2012. [9]

TOTAL MARKS [20]

5. All Aluminum is a manufacturing business. The following information relates to the year ending 30 June 2012.

	$
Purchase of raw materials	***54 300***
Stock on 1 June 2011	
Raw Materials	***6 300***
Work-in-Progress	***750***
Finished Goods	***5 000***
Manufacturing Wages	***7 950***
Sales of finished goods	***110 000***
Rent	***1 500***
Insurance of factory building	***1 200***
Indirect wages	***8 200***
Returns – Raw materials	***680***
Direct expenses	***2 300***
Carriage inwards raw materials	***1 500***
Discount allowed	***850***
General expenses Office	***560***
Machinery	***9 200***

ADDITIONAL INFORMATION:

(i) Stock on 30 June 2012

Raw Materials	3 240
Work-in-progress	1 100
Finished Goods	4 100

(ii) Manufacturing wages in arrears $90.
(iii) $400 for rent was outstanding.
(iv) Rent was to be apportioned to Factory and Office in the ratio of 3:2.
(v) Depreciation of machinery 10% per annum straight line method.

REQUIRED:

Prepare the manufacturing account for the year ended 30 June 2012 to show the:

(i) Cost of raw materials used
(ii) Prime Cost
(iii) Factory Overheads
(iv) Cost of production for goods completed

TOTAL MARKS [20]

6. Pines Ltd has the following information at the 31 January 2010:

- Authorized share capital of $400 000 divided into 300 000 ordinary shares of $1 each and 100 000 8% preference shares of $1 each.
- The net profit for the current year was $79 200.
- The profit and loss account balance from previous years amounted to $80 000.
- General Reserves $5 840

The issued share capital is as follows:

- Preference share capital: fully paid $80 000
- Ordinary share capital: fully paid $260 000

The directors have informed you that they propose to do the following:

(i) Increase the general reserve to 20% of the current year's net profit.
(ii) Pay an ordinary dividend of 7 cents per share.
(iii) Pay the year's preference dividend.

REQUIRED:

A. Prepare in vertical format, Pines Ltd Profit and Loss Appropriation account for the year ended 31 January 2010. [9]

B. Prepare the Capital Section of Pines Ltd Balance Sheet as at 31 January 2010. [11]

TOTAL MARKS [20]