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2009/2 **BGCSE**

School Number	Candidate Number
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BOOKKEEPING & ACCOUNTS

PAPER 2 2009/2

Thursday **28 MAY 2020** **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 at the top of this booklet.

Answer **ALL** questions in **Section A** and **ANY THREE** from **Section B**. Show all working where appropriate.

Calculators are allowed.

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

The number of marks available is shown in brackets [ ] at the end of each question or part question.

FOR EXAMINER'S USE ONLY	
SECTION A Question 1	
Question 2	
SECTION B – ANY THREE Question 3	
Question 4	
Question 5	
Question 6	
TOTAL SCORE	

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

SECTION A – Mandatory Questions
(40 marks)

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

1. The summarised accounts of Blue Water Company for two years ending 31st December 2018 and 2019 are given below.

Blue Water Company Trading, Profit & Loss Accounts for the years ended 31st December					
	2018 **$**	**2019** **$**		**2018** **$**	**2019** **$**
Opening Stock	67 000	60 000	Sales	250 000	300 000
Purchases	106 000	115 000			
Goods Available for Sale	173 000	175 000			
Closing Stock	60 000	30 000			
Cost of Goods Sold				113 000	145 000
Gross Profit				137 000	155 000
Less: Expenses	70 000	85 000			
Net Profit	67 000	70 000			

Blue Water Company Balance Sheet as at 31st December					
	2018 **$**	**2019** **$**		**2018** **$**	**2019** **$**
Net Fixed Assets	100 000	120 000	Mortgage *(at year end)*	90 000	65 000
Stock	60 000	30 000	Creditors	40 000	25 000
Debtors	95 000	75 000	Accrued Expenses	5 000	10 000
Cash at Bank	10 000	15 000	Capital	130 000	140 000
Total Assets	265 000	240 000	Total Liabilities & Capital	265 000	240 000

YOU ARE REQUIRED TO:

(a) explain the meaning of the terms:

(i) Margin

____

____

____ [2]

(ii) Mark-up

____

____

____ [2]

(b) calculate to **one** decimal place the ratios which are missing from the table below.

RATIO	2018	2019
Percentage of Gross Profit to Sales	**54.8%**	[1]
Percentage of Net Profit to Sales	[1]	**28.3%**
Working Capital	**90 000**	**85 000**
Current Ratio	[1]	[1]
Rate of Stock Turnover	**1.8 times**	[2]

[6]

(c) suggest **two** possible reasons for each of the following ratios which could account for the change in the ratio between 2018 and 2019.

(i) Gross Profit as a percentage of Sales

____

____

____

____ [2]

(ii) Net Profit as a percentage of Sales (*other than those for Gross Profit to Sales*)

____

____

____

____ [2]

(d) explain **one** disadvantage of a business having insufficient working capital.

____

____ [1]

(e) As proprietor, you should be interested in your business' final accounts in order to assess its financial performance.

(i) suggest **one** other reason why the proprietor should be interested in the business' final accounts.

____

____ [1]

(ii) name **four** other business people who would be concerned about the final accounts of a business.

____

____

____

____ [4]

TOTAL MARKS [20]

2. Michael and Lisa Smith are in partnership. The partners provide the following additional information:

1st October 2018:

		$
Current Account –	Michael	350 debit
	Lisa	500 credit

For the year ended 30th September 2019:

		$
Interest on Capital –	Michael	1 500
	Lisa	900
Drawings	Michael	2 800
	Lisa	2 600

- Profits and losses are equally shared.
- Profits for the year ended 30th September 2019 were $4 200.
- Interest on Drawings is to be charged at 5%.
- Lisa is the only partner who receives a salary of $3 000 per year.

YOU ARE REQUIRED TO:

(a) place an 'X' in the correct box for each of the following items to show where it appears in the partnership's final accounts.

	Profit & Loss Account	**Profit & Loss Appropriation Account**
(i) Interest on partners' Drawings		
(ii) Interest on partners' Capital		
(iii) Interest on loan from a partner		

[3]

(b) Michael and Lisa are considering whether or not they should keep charging interest on Drawings. Identify **two** reasons why interest on drawings is an *advantage* for the partnership.

[2]

(c) calculate each partner's share of profit or loss for the year ended 30th September 2019. Show your working in an Appropriation Account.

[5]

(d) prepare the partners' Current Accounts for the year ended 30th September 2019 as they would appear in columnar format.

[6]

(e) state **two** reasons why a Current Account may have a debit balance.

[2]

(f) give **two** reasons why it may be considered an advantage to maintain both Capital Accounts and Current Accounts in a partnership.

[2]

TOTAL MARKS [20]

SECTION B – Optional Questions
(60 marks)

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

3. Mr. Jacob Swain is the proprietor of JJ's Stop & Shop store specialising in indigenous paintings and ornaments. His business is divided into two departments.

Department A – Paintings

Department B – Ornaments

The following balances have been extracted from his Ledger at 31st August 2019:

	Dr. $	Cr. $
Sales – Department A		75 000
Sales – Department B		50 000
Stock – Department A, 1st September 2018	1 250	
Stock – Department B, 1st September 2018	1 000	
Purchases Department A	51 000	
Purchases Department B	38 020	
Wages of Sales Assistants Department A	7 200	
Wages of Sales Assistants Department B	6 800	
Picture framing costs	300	
General Office Salaries	13 200	
Fire Insurance – Building	535	
Electricity	620	
Cleaning	180	
Accounting charges	1 490	
General Office expenses	540	
Stock at 31st August 2019 was valued at:		
Department A	1 410	
Department B	912	

The proportion of the total floor area occupied by each Department:

Department A: two-fifths

Department B: three-fifths

- Fire Insurance, Electricity and Cleaning are based on total floor area occupied.
- General Office Salaries, Accounting Charges, and General Office Expenses are apportioned based on Sales.

YOU ARE REQUIRED TO:

- use the working space provided to calculate the amount of costs apportioned to each Department based on total floor area occupied.

WORKING SPACE

DEPARTMENT A

Fire Insurance

Electricity

Cleaning

DEPARTMENT B

Fire Insurance

Electricity

Cleaning

- use the working space provided to calculate the amount of costs apportioned to each Department based on Sales.

WORKING SPACE

DEPARTMENT A

General Office Salaries

Accounting Charges

General Office Expenses

DEPARTMENT B

General Office Salaries

Accounting Charges

General Office Expenses

[Turn over

(a) show the Departmental Trading & Profit & Loss Account for the year ended 31st August 2019.

Jacob Swain

Departmental Trading, Profit & Loss Account for the year ended 31st August 2019

ACCOUNT TITLE	DEPARTMENT A		DEPARTMENT B	
	$	$	$	$

[17]

(b) Mr. Swain was concerned about the Sales figures for the Ornaments Department. He considered closing that Department but has decided to continue working with it. What **three** suggestions might you offer to help him to improve sales?

____

____

____

____

____

____ [3]

TOTAL MARKS [20]

4. The Sunset Cricket Sports Club was established on 1st July 2018. The following information was produced by the Club's Treasurer for the year ended 30th June 2019:

RECEIPTS	$	PAYMENTS	$
Subscriptions	16 400	Sports Equipment	8 500
Snack Bar Sales	10 000	Snack Bar Supplies	7 200
Steak Out Ticket Sales	1 500	Steak Out Expenses	800
		Staff Wages:	
		Snack Bar Staff	1 800
		General Staff	2 100
		Rent	2 000
		Insurance	1 675
		Repairs & Maintenance	1 470
		General Expenses	1 250

Additional Information:

(a) **At 30th June, 2019:**

- 15 members each owed the Club $40 for their subscription for the current year.
- 3 members had each paid $40 subscription for the year ending 30th June, 2020.

(b) **On 30th June, 2019:**

Creditors for Snack Bar Supplies	$700
Stock of Snack Bar Supplies	$1 060
Rent prepaid	$75
General Expenses accrued	$50

(c) The sports equipment is to be depreciated using the straight line method at 10% per annum. A full year's depreciation is charged in the year of purchase.

[Turn over

YOU ARE REQUIRED TO:

(a) prepare the Snack Bar Trading Account for the Sunset Cricket Sports Club for the year ended 30th June 2019.

Sunset Cricket Sports Club
Snack Bar Trading Account for the year ended 30th June 2019

ACCOUNT TITLE	$	$

[4]

(b) (i) show the Subscriptions Account of the Sunset Cricket Sports Club for the year ended 30th June 2019.

[4]

(c) show the Income & Expenditure Account for the Sunset Cricket Sports Club for the year ended 30th June 2019.

Sunset Cricket Sports Club
Income & Expenditure Account for the year ended 30th June 2019

	$	$

[8]

(d) The Sunset Cricket Sports Club has been given the opportunity to purchase the clubhouse and grounds which it now occupies in 2020. They are considering taking out a loan to buy the property.

Advise the Club as to whether or not they should take out a loan. Give **three** reasons to support your suggestion.

____

____

____

____

____ [4]

TOTAL MARKS [20]

5. Column A in the table below contains the names of accounts that are all part of the records kept by Consignors and Consignees. Column B has information that would normally apply to records kept by Consignors and Consignees.

YOU ARE REQUIRED TO:

(a) write in the ANSWERS column, the letter from Column B that describes the account named in Column A.

ANSWERS	Column A	Column B
______	1. Profit & Loss on Consignment	A. This account is debited with sales made and credited with the agent's expenses and commission.
______	2. Commission Received	B. Includes all goods consigned during the trading period to all agents.
______	3. Consignment Outwards	C. The total of this account is transferred to the credit of the profit and loss account.
______	4. Goods Sent on Consignment	D. All expenses related to the consignment are debited in this account.
______	5. Individual Consignees	E. Includes the original cost of goods, expenses incurred, and any commissions due.
______	6. Consignment Inwards	F. Contains profits made on all consignments carried out during the trading period.

[6]

On 1st March, 2019, Harry Bowe consigned 50 sacks of frozen fish at $180 each from Exuma, The Bahamas to Wendy Williams in San Salvador, The Bahamas. It was agreed that Wendy should receive a commission of 5% on the sales plus a further 2% del credere commission as submitted on 20th April 2019. She was able to sell all of the fish for $350 per sack.

(b) show the Commissions Received account as it should appear in the books of Wendy Williams, Consignee. Wendy's fiscal year ended at 31st December 2019.

____

____

____

____

____ [3]

(c) explain why a 'further 2% del credere' commission may be added to the originally agreed commission.

____

____

____

____ [2]

When Harry Bowe consigned the goods to Wendy Williams, he paid $250 for a refrigerated truck to transport the goods to the dock, $120 for shipping insurance, and $300 for freight. Wendy Williams had to pay $550 landing charges, $1 140 Fisheries Fees and $400 to transport the goods.

(d) prepare the Account Sales that Wendy Williams submits to Harry Bowe 31st July 2019 in reference to this consignment. Show the amount that will appear on the remittance cheque.

[9]

TOTAL MARKS [20]

6. The Aquamarine Company Limited has the following information:

<u>Authorised Share Capital</u>

150 000 7% Preference Shares of $3 each
350 000 Ordinary Shares of $1 each

<u>Issued Share Capital</u>

90 000 7% Preference Shares of $3 each
250 000 Ordinary Shares of $1 each

31st December 2018 Retained Profit	$70 600
31st December 2019 Net Profit before taxation	$97 400

On 31st December 2019 the Directors of the company proposed the following:

1) Create a General Reserve of 25% of the current year's Net Profit after tax

2) Provide $10 400 for taxation

3) Pay Preference Share dividends in full

4) Pay dividends of $0.20 per share on the Ordinary Shares

YOU ARE REQUIRED TO:

(a) (i) explain the difference between *Authorised Share Capital* and *Issued Share Capital*

____

____

____ [2]

(ii) say why both are shown in the Balance Sheet.

____

____ [1]

(b) Prepare the Profit & Loss Appropriation Account for the year ended 31st December 2019.

[8]

(c) Show the Capital and Reserves Section of the Balance Sheet for Aquamarine Company Limited as at 31st December 2019.

[9]

TOTAL MARKS [20]

End]

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