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2009/2 **BGCSE**

School Number	Candidate Number
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BOOKKEEPING & ACCOUNTS

PAPER 2 2009/2

Monday 21 JUNE 2021 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 23 printed pages and 1 blank page.

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. Non-trading organisations differ from profit-making organisations in the terms and accounts that are used.

YOU ARE REQUIRED TO:

(a) identify the corresponding terms used in non-trading organisations versus the profit making organisations.

Non-Trading Organisation	Profit-Making Organisation
(i) Accumulated Fund	____________________
(ii) ____________________	Loss

[2]

(b) explain the following:

(i) Income and Expenditure Account

____

____ [2]

(ii) Surplus

____

____ [2]

The Rake & Scrap Music Society was established on 1st May, 2019 to teach Bahamian students the art of Bahamian music. The club has 55 members who pay an annual membership fee of $100.

On 1st May, 2019 The Rake & Scrap Music Society had the following assets.

	$
Musical Instruments (at cost)	16000
Balance at Bank	2800
Outstanding Membership Fees	900
Rent paid in advance	300

The Treasurer prepared the following information regarding the year ended 30th April 2020.

The cost of the instruments is to be written off over four years. All receipts were paid into the bank and all payments were made by cheque.

	$	$
Membership Fees received from members:		
for the year ended 30th April 2019	900	
for the year ended 30th April 2020	5000	
for the year ended 30th April 2021	1200	7100
Concert Proceeds		1850
Concert Expenses		930
Rent of Premises:		
for the year ended 30th April 2020	1700	
for the year ended 30th April 2021	575	2275
General Expenses		280
Insurance		410
Proceeds from the sale of Instruments		660
Purchase of new Musical Instruments		2800

YOU ARE REQUIRED TO:

(c) prepare the Receipts and Payments Account of the Rake & Scrap Music Society for the year ended 30th April 2020. Balance the account as at 30th April and bring down the balance on 1st May 2020.

Rake & Scrap Music Society
Receipts and Payments Account for the year ended 30th April 2020

[10]

(d) After drafting all the end of year statements the Treasurer realised that the Rake & Scrap Music Society barely made a surplus.

Suggest **two** things that this non-trading organisation can do next year to reduce the chances of this happening again. Justify **each** suggestion.

SUGGESTION 1:

____

____ [1]

JUSTIFICATION:

____

____ [1]

SUGGESTION 2:

____

____ [1]

JUSTIFICATION:

____

____ [1]

TOTAL MARKS [20]

2. The Bahamas Straw Company manufactures Designer Straw Bags using wheat straw, silk fabric and mahogany handles. The following information is provided for the year ended 31st December, 2020.

	$
1st January 2020:	
Stock: Raw Materials	15 200
Finished Goods	11 300
Work in Progress	7430
Purchases of Raw Material	58 900
Delivery Charges on Raw Material	3 100
Wages – Factory Direct	44 700
Factory Indirect	21 600
Administration	151 000
General Expenses	34 090
Sewing Machine at cost	78 000
Office Equipment at cost	55 800
Provision for Depreciation Sewing Machine	15 600
Provision for Depreciation Office Equipment	5 580
1st January 2020 – Loose Tools at valuation	660
Rent	3 500
Electricity	6400
31st December 2020:	
Stock: Raw Material	17 800
Finished Goods	10 100
Work in Progress	6 980

ADDITIONAL INFORMATION:

1. Rent prepaid at year end amounts to $500
2. Electricity accrued at year end amounts to $600
3. General Expenses included $9 640 for the Office
4. Rent and Electricity should be apportioned: Factory ¾: Office ¼
5. The Sewing Machine is being depreciated at 20% per annum using the diminishing balance method
6. The Office Equipment is being depreciated at 10% per annum using the straight-line method
7. During the year additional loose tools were purchased $40; as at 31st December the loose tools were valued at $510

YOU ARE REQUIRED TO:

(a) prepare the Manufacturing Account for year ended 31st December 2020 on behalf of The Bahamas Straw Company clearly showing factory ***Overheads, Prime Cost*** and ***Cost of Production***. Use page 8 to complete your answer. [12]

(b) The straw is produced locally but the silk fabric and mahogany have to be imported.

Give **one** ***positive*** way and **one** ***negative*** way in which Raw Material can influence the Cost of Production for The Bahamas Straw Company.

POSITIVE INFLUENCE

____

____ [2]

NEGATIVE INFLUENCE

____

____ [2]

(c) Give **two** reasons why *Work in Progress* is included in a Manufacturing Account.

____

____ [2]

(d) Give **two** ***disadvantages*** of excluding the *Work in Progress* amount from the Manufacturing Account for The Bahamas Straw Company.

____

____ [2]

TOTAL MARKS [20]

	POST REF	$	$

[12]

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. Corey Mackey started his business on 1st October 2019. He did not keep a full set of accounting records.

All goods were bought and sold on credit. All funds received were paid directly into the bank and all payments were made by cheque.

On 30th September, 2020, he provided the following information:

	$
1st October 2019	
Capital Introduced	50 000
During the year to 30th September 2020:	
Payments made to creditors	28 400
Discounts received from suppliers	1 700
Returns to suppliers	920
Credit sales	38 683
Bad debts	270
Credit Purchases	?
Receipts from Debtors	?
On 30th September 2020:	
Bank balance	26 050
Amount owed to creditors	4 170
Amount owed by debtors	3 400

YOU ARE REQUIRED TO:

(a) give **two** reasons why Mr. Mackey would choose to make all payments by cheque.

____

____

____ [1]

____

____

____ [1]

[Turn over

(b) (i) calculate the ***Credit Purchases*** for the year ended 30th September 2020. Show your working.

[4]

(ii) Mr. Mackey buys all goods on credit. Give **two** ways in which this practice has kept his business operating.

ONE:

____

____ [1]

TWO:

____

____ [1]

(c) On 14th October 2020 Mackey's business was totally destroyed by fire. His bank records showed an estimated amount for his sales from 1st October as $1 920 and his purchases as $508.

His records for the previous year ended 30th September 2020 showed closing stock as $3 324 and the percentage of Gross Profit to Sales was estimated as 20%.

(i) Calculate the value of the Stock destroyed in the fire. Show working.

[4]

(ii) give another term used to describe the percentage of Gross Profit to Sales.

____ [1]

(d) (i) give the Mark-up percentage for Mr. Mackey if the percentage of Gross Profit to Sales is 20%. Show working.

[2]

(ii) suggest **three** situations that could cause Mr. Mackey's existing percentage of Gross Profit to Sales (20%) to change.

SITUATION 1

____

____

SITUATION 2

____

____

SITUATION 3

____

____ [3]

(e) Mr. Mackey decided to convert from single entry to double entry accounting.

Give **two** things that he would have to do differently to achieve this state.

____

____ [2]

TOTAL MARKS [20]

4. Mandy and Randy are in partnership, trading as M & R Stores. They have provided the following information:

1. Interest on Drawings is to be charged at 5%.
2. Interest on Capital is to be allowed at 3% per annum.
3. Randy is to receive a salary of $10 000 per annum.
4. Profits and losses are to be shared 3:2 for Mandy and Randy, respectively.

The partners' balances on 1st January 2020 were:

	Mandy	***Randy***
	$	**$**
Capital Account	40 000	60 000
Current Account	830 dr.	1 854 cr.

The partners' drawings for the year ended 31st December 2020 were:

	$
Mandy	45 000
Randy	25 000

Mandy also introduced $30 000 additional capital on 1st July 2020.

The net profit for the year ended 31st December 2020 was $98 000.

YOU ARE REQUIRED TO:

(a) Give **one** reason why Mandy and Randy would find it necessary to spell out that 'profits and losses' are shared in a ratio of 3:2.

____

____ [1]

(b) Describe **one** *advantage* and **one** *disadvantage* for Mandy and Randy being in a Partnership.

ADVANTAGE	DISADVANTAGE

[2]

(c) Prepare the partnership's Profit and Loss Appropriation Account for the year ended 31st December 2020:

Mandy & Randy

Profit and Loss Appropriation Account for the year ended 31st December 2020

[8]

(d) Below is the partners' Current Account.

DATE	DETAILS	POST REF	DEBIT		DATE	DETAILS	POST REF	CREDIT	
			MANDY	RANDY				MANDY	RANDY

YOU ARE REQUIRED TO:

(i) record each Partner's share of the appropriated profit/loss in spaces of the Current Account on Page 12.

(ii) balance and rule the Current Account making sure to show the new balance brought down on 1st January, 2021. [7]

(e) Describe **two** events that may result in a debit balance on a partner's Current Account.

EVENT 1

____

____ [1]

EVENT 2

____

____ [1]

TOTAL MARKS [20]

5. Milly's Fruits & Vegetables Company of Exuma sent the following consignment to Mr. Garth Lightfoot:

GOODS CONSIGNED ON 1ST MARCH	Mangoes	Cabbages
	$	$
Cases consigned	250	100
Freight paid by Milly's	90	60
Insurance Premiums paid by Milly's	120	70
Pro Forma Invoice listings	20/case	12/case

Upon receiving the goods on 12th March 2019, Mr. Garth Lightfoot gave the following details:

Commission on Sales: 6%
Del Credere Commission: 2%

PAYMENTS MADE	**Mangoes**	**Cabbages**
	$	**$**
Landing Charges	310	120
Refrigeration & Storage Fees	490	220
Selling Expenses	150	80
Selling Price	35/case	20/case

On 31st March, 2019, Mr. Lightfoot prepared and submitted an Account Sales for Milly's. He also attached a bank draft for the amount noted on the Account Sales. The draft was prepared showing that Mr. Lightfoot sold ***all*** of the items consigned.

YOU ARE REQUIRED TO:

(a) Show the Account Sales sent by Mr. Lightfoot to Milly's Fruits & Vegetables Company.

ACCOUNT SALES **31st March 2019** **G. Lightfoot** **Nassau** **The Bahamas**		
Consignment of goods sold on behalf of Milly's Fruits & Vegetables Co., Exuma		

[6]

(b) State the purpose of the Pro Forma Invoice.

____

____ [1]

(c) Goods have been consigned by Milly's Fruits & Vegetables Company to Garth Lightfoot.

Give **one** ***benefit*** of this relationship for Milly's and Mr. Lightfoot, ***each***, and **one** ***drawback*** for Milly's and Mr. Lightfoot, ***each***.

BENEFIT		**DRAWBACK**	
Milly's Fruits & Vegetables Co.	**Garth Lightfoot**	**Milly's Fruits & Vegetable Co.**	**Garth Lightfoot**

[4]

If the situation existed whereby Mr. Lightfoot had been ***unable*** to sell 45 cases of mangoes by the time the Account Sales was submitted consider the following.

(d) Calculate the value of the **unsold** cases for Milly's Fruits & Vegetables Company.

Show all working.

[5]

(e) Complete the ***Consignment Outwards Account*** below taking into consideration that Mr. Lightfoot was ***unable*** to sell all of the mangoes.

Show the balance to be transferred to the Profit & Loss Account.

ACCOUNT TITLE: Consignment Outward to G. Lightfoot, Nassau **ACCOUNT NO.:** 159

DATE		DETAILS	POST REF	DEBIT		DATE		DETAILS	POST REF	CREDIT	

[4]

TOTAL MARKS [20]

6. Jacky Hepburn owns a shop that sells indigenous paintings and ornaments. He has decided to report his financial activities as two separate departments.

Department A Paintings

Department B Ornaments

The following balances have been extracted from his ledger at the 31st August 2020.

	Dr. $	Cr $
Sales:		
Department A		75 000
Department B		50 000
Stock – 1st September 2019		
Department A	1 250	
Department B	1 000	
Purchases:		
Department A	51 000	
Department B	38 020	
Wages of Sales Assistants:		
Department A	7 200	
Department B	6 800	
Picture framing costs	300	
General Office Salaries	13 200	
Building Fire Insurance	360	
Electricity	620	
Stock – 31st August 2020:		
Department A	1 410	
Department B	912	

Each department occupied the following proportion of the total floor area:

Department A two-fifths

Department B three-fifths

YOU ARE REQUIRED TO:

(a) give **two** ***benefits*** and **two** ***drawbacks*** for Mr. Hepburn showing separate details for his products.

BENEFIT 1

____

____ [1]

BENEFIT 2

____

____ [1]

DRAWBACK 1

____

____ [1]

DRAWBACK 1

____

____ [1]

Mr. Hepburn has decided to apportion his expenses by using the following methods:

Floor Area – *Fire Insurance and Electricity*
Sales – *General Office Salaries*

YOU ARE REQUIRED TO:

(b) calculate the amount to be apportioned to each expense. Show all working.

FIRE INSURANCE

[2]

ELECTRICITY

[2]

GENERAL OFFICE SALARIES

[2]

Mr. Hepburns' Trading Account for the year ending 31st August 2020 appeared as follows:

Jacky Hepburn
Departmental Trading Account for the year ending 31st August 2020

	PAINTINGS		***ORNAMENTS***	
	Department A		***Department B***	
	$	***$***	***$***	***$***
Sales		***75 000***		***50 000***
LESS: Cost of Goods Sold				
Opening Stock	***1 250***		***1 000***	
ADD: Purchases	***51 000***		***38 020***	
Goods Available for Sale	***52 250***		***39 020***	
LESS: Closing Stock	***1410***		***912***	
Cost of Goods Sold	***50 840***		***38 108***	
Gross Profit	***24 160***		***11 892***	

YOU ARE REQUIRED TO:

(c) determine the Rate of Stock Turnover for each Department. Show working to one decimal place.

Department A ***Department B***

[2]

(i) suggest **two** reasons why the Rate of Stock Turnover for the year is important to know when decisions are being made by the business owners and managers.

REASON 1:

____

____ [2]

REASON 2:

____

____ [2]

The departmentalised **Profit & Loss Account** for the year ending 31st August 2020 revealed that Mr. Hepburn's Paintings were earning a reasonable profit. However, the Ornaments Department was operating at a (minor) loss.

YOU ARE REQUIRED TO:

(d) give Mr. Hepburn ***two reasons*** why he should continue to operate the Ornaments Department and ***two suggestions*** as to what he can do to improve this operation.

REASON 1:

____

____ [1]

REASON 2:

____

____ [1]

SUGGESTION 1:

____

____

____ [1]

SUGGESTION 2:

____

____

____ [1]

TOTAL MARKS [20]

End]

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