

GCE O-LEVEL PRELIMINARY EXAMINATION 2024

SECONDARY 4 EXPRESS & 5 NORMAL (ACADEMIC)

Name:	Class:	Register No.:
-------	--------	---------------

PRINCIPLES OF ACCOUNTS

Paper 1

7087 / 01

2024

1 hour

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your name, index number and class in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Question	Marks
1	
2	
3	
Total	40

Answer **all** questions.

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

This paper consists of **8** printed pages.

Answer **all** questions.

- 1 Ryan provided the following cash at bank account for May 2024.

Cash at bank					
Date	Particulars	Cheque	Debit	Credit	Balance
2024			\$	\$	\$
May 1	Balance b/d				340 Cr
2	Insurance			230	570 Cr
5	Sales revenue		300		270 Cr
7	Trade receivable, John		700		430 Dr
9	Trade payable, Arron	001002		760	330 Cr
10	Transport expense	001003		460	790 Cr
11	Inventory		810		20 Dr
15	Fixtures and fittings	001004		500	480 Cr
16	Trade receivable, Yen Xi		1 900		1420 Dr
28	Trade payable, Nelson			1 180	240 Dr
Jun 1	Balance b/d				240 Dr

The following bank statement was received on 3 June 2024.

Bank Statement				
Date	Particulars	Withdrawal	Deposit	Balance
2024		\$	\$	\$
May 1	Balance b/d			700 Dr
1	Cash		360	340 Dr
3	Standing order - insurance	230		570 Dr
7	Credit transfer - Sam		300	270 Dr
9	Cheque no. 701009		700	430 Cr
10	Standing order – rent	120		310 Cr
12	Cheque no: 412310		810	1120 Cr
13	Cheque no: 001002	670		450 Cr
16	Cheque no: 001004	500		50 Dr
20	Cheque no. 701009	700		750 Dr
21	Cheque deposit - Asthon		740	10 Dr
31	Bank charges	72		82 Dr

Additional information

The accountant of the business discovered that the entry on 9 May 2024 was wrong.

REQUIRED

- (a) Prepare the adjusted cash at bank account for May 2024. Bring down the balance to the next month.

[illegible]

- (b) Prepare the bank reconciliation statement as at 31 May 2024.

[illegible]

[4]

(c) State and explain one internal control over cash, other than bank reconciliation.

[2]

[Total: 12]

2 Joel is a perfume retailer and uses the First-In-First-Out (FIFO) method of inventory valuation. On 31 May 2024, the inventory of \$3 000 is the total cost for 20 bottles of perfume. All transactions were carried with the following terms:

1. All sales were made on cash terms.
2. Due to annual promotion, a trade discount of 10% was given to customers for all sales made in the month of June.
3. Business found a new supplier, Pari-Defuse, and made purchases for the month of June from Pari-Defuse on credit.
4. Pari-Defuse offers business a cash discount of 5% for payment made within 5 days of credit purchases.

The following transactions took place for the month ended 30 June 2024.

Purchases		
Date	Quantity	\$
2024		
Jun 3	20	3 300
6	20	3 100
10	20	3 900
14	20	3 400

Sales		
Date	Quantity	\$ (list price)
2024		
Jun 7	20	5 500
15	40	9 700

Date of payment made to Pari-Defuse
for amount owing to date

June 9
June 13

REQUIRED

- (a) Calculate the cost of sales for the month of June 2024.

[1]

- (b) Calculate the gross profit for the month of June 2024.

[2]

- (c) Calculate the ending inventory at 30 June 2024.

[1]

- (d) State the double entries for the transaction on 15 June 2024.

[4]

- (e) State the amount paid to Pasi-Defuse on 9 June 2024.

[2]

- (f) State amount owed to Pasi-Defuse at the end of June 2024.

[1]

- (g) Explain how inventory is valued, with the support of an accounting theory.

[2]

Joel has provided the information about his business rate of inventory for the two years ended 30 June 2023 and 2024.

30 June 2023	30 June 2024
23.52 times	19.81 times

REQUIRED

- (h) Calculate the days sales in inventory for the two years ended 30 June 2023 and 2024.

	30 June 2023	30 June 2024
Days sales in inventory		

[2]

- (i) Comment on the efficiency in inventory management of the business over the two years ended 30 June 2023 and 30 June 2024.

[3]

- (j) Give two examples on how Joel could improve the business's efficiency in managing inventory.

[2]

[Total: 20]

- 3 Glenn runs a trading business that sells bedsheet. The following ledger balances were provided for the financial year ended 30 June 2024

	\$
Trade receivables	700
Office equipment	5 400
Trade payables	1 500
Cash in hand	120
Rent income receivable	300
Insurance expense payable	890
Bank overdraft	450
Capital (1 July 2023)	700
Profit for the year	4 600
Drawings	??

REQUIRED

- (a) Calculate the amount for drawings, show your workings clearly.

[4]

- (b) State the double entry for the transfer of profit for the year ended on 30 June 2024.

[2]

- (c) State two types of non-accounting information a business will consider before deciding whether to grant credit to a customer.

[2]

[Total: 8]

END OF PAPER

Setter Mr Teo CS