

**N'Level Revision Set O – Kuo Chuan Presbyterian N'Level Prelim 2024**  
**-PAPER 1-**

Answer **all** the questions.

- 1** Kim Teck is a sole trader. As at 30 June 2023, his business had the following assets and liabilities.

Current Assets	Current Liabilities	Non-current Assets	Non-current Liabilities
\$50 000	\$26 000	\$80 000	\$30 000

**Required**

- (a)** State the meaning of each of the following terms:

- (i)** Assets [1]

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- (ii)** Liabilities [1]

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- (iii)** Equity [1]

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- (b)** Calculate the equity of Kim Teck's business as at 30 June 2023. [3]

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The table shows the transactions that occurred in Kim Teck's business. Show the effect of the following transactions on assets, liabilities and owners' equity.

	Assets	Liabilities	Owners' Equity
Example: Kim Teck contributed \$10 000 cheque into the business.	Cash at bank +10 000	No effect	Capital +10 000
Kim Teck's business purchased goods worth \$6 000 on credit from a supplier.			
Kim Teck withdrew \$5000 cash from the business bank account for personal use.			

[4]

**[Total: 10]**

- 2 The trade receivable account for Terry Trading in the books of Lydia Wholesale is shown below.

Trade receivable – Terry Trading

Date	Particulars	Dr	Cr	Balance
2023 Jul 1	Bal b/d			14 000 Dr
9	Sales revenue	3 000		17 000 Dr
12	Sales return		400	16 600 Dr
23	Cash at bank		15 000	1 600 Dr

**Required**

- (a) Interpret the entries in Trade receivable – Terry Trading account on:

- (i) 9 July 2023 [1]

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- (ii) 12 July 2023 [1]

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(iii) 23 July 2023

[1]

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(b) State the source document for each of the transactions on:

(i) 9 July 2023: \_\_\_\_\_ [1]

(ii) 12 July 2023: \_\_\_\_\_ [1]

(iii) 23 July 2023: \_\_\_\_\_ [1]

The financial year of Lydia Wholesale ends on 31 July. The trade receivable balances are as follows:

	31 July 2022	31 July 2023
Trade receivables	\$59 800	\$65 000

On 31 July 2023, Terry Trading was declared bankrupt. Lydia Wholesale wrote off the debt of \$1 600 owed by Terry Trading.

**Required**

(c) Prepare the journal entry to record the debt written off on 31 July 2023. A narration is **not** required. [2]

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Lydia Wholesale maintains an allowance for impairment of trade receivables based on 5% of its trade receivable at the end of every financial year.

**Required**

- (d) Prepare the journal entry to record the adjustment of allowance for impairment of trade receivable for the financial year ended 31 July 2023.

Narration is **not** required.

[2]

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**[Total: 10]**

- 3 Jeremy is an accountant preparing the financial statements of a business on 31 December 2023.

**Required**

- (a) Complete the following table indicating with a tick (✓) on which side of a trial balance each item would appear.

	Debit	Credit
Prepaid rent expense		
Accumulated depreciation of office equipment		
Sales return		
Discount received		

[4]

After preparing the trial balance as at 31 December 2023, the following errors were discovered by Jeremy.

- (1) Payment of \$2 100 by cheque for advertising has been recorded as \$1 200 in the books.
- (2) Goods sold for \$5 000 has been debited to the sales revenue account and credited to the credit customer Tammy Store.
- (3) The maintenance expense of \$300 for the van was debited to the motor vehicle account.

## Required

- (b)** Prepare journal entries to correct the errors in each of (1), (2) and (3).  
Narrations are **not** required. [6]

[illegible]

- (c)** State one purpose of the trial balance. [1]

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**[Total: 11]**

- 4 The financial year of Jon Bakery ends on 31 December. On 1 July 2022, Jon Bakery took a loan of \$150 000 from ABC Bank at an interest rate of 2% per annum. The loan has a repayable period of 10 years. Both the partial repayment of the loan and payment of interest are to be made on every 1 July of each financial year.

**Required**

- (a) Calculate the amount of loan that is to be repaid on every 1 July of each financial year. [1]

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- (b) Calculate the amount of interest expense incurred on 31 December 2022. [1]

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- (c) Prepare the journal entry to record the adjustment to the interest expense as at 31 December 2022. A narration is required. [3]

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- (d)** Prepare an abstract of the statement of financial performance for the year ended 31 December 2022, showing only the expense section. [1]

Statement of financial performance for the year ended 31 December 2022

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- (e)** Prepare an abstract of the statement of financial position as at 31 December 2022, showing only the liabilities section. [3]

Statement of financial position as at 31 December 2022

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**[Total: 9]**

**[End of Paper]**

**-PAPER 2-****Data for Question 1**

Toy Mart Ltd is a business that buys and sells toys. The following balances were extracted from the books of Toy Mart Ltd on 30 June 2023.

	\$
Capital, 1 July 2022	105 630
Drawings	2 000
Cash at bank	68 000
Trade receivables	7 000
Office equipment	50 000
Motor Vehicles	180 000
Accumulated depreciation of motor vehicles	28 800
Accumulated depreciation of office equipment	10 000
Wages and salaries	38 000
Sales revenue	302 000
Cost of sales	100 800
Sales returns	2 600
Insurance expense	17 000
Trade payable	15 000
Rent and rates	12 000
Commission Income	15 970

The following information was made available on 30 June 2023.

- 1 \$1 000 of commission income was received in advance.
- 2 \$3 000 of insurance expense was prepaid.
- 3 An allowance for impairment of trade receivable is to be provided at 10% of trade receivables.
- 4 Depreciation policy for
 

Office equipment: 5% per annum using straight line method.

Motor vehicles: 10% per annum using reducing balance method.



Answer **all** the questions.

**1 Refer to the insert for data for Question 1.**

## Required

**(a)** Prepare the statement of financial performance for the year ended 30 June 2023.

Toy Mart Ltd

Statement of financial performance for the year ended 30 June 2023

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**[Total: 20]**

- 2** Carol runs a trading business, buying and selling sneakers. The business records inventory using the First-In-First-Out (FIFO) method. All transactions are by cheque. On 1 September 2023, Carol had 40 units of sneakers worth \$3 200. During the month of September, the following transactions took place.

Purchases	
September 15	50 units at \$4 500
September 20	50 units at \$3 500
September 25	50 units at \$3 000

Carol sold 140 units of sneakers for \$18 000 on 30 September 2023.

**Required**

- (a)** Calculate the cost of sales for the month of September 2023. [1]

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- (b)** Calculate the value of the ending inventory on 30 September 2023. [1]

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- (c)** Calculate the gross profit for the month ended 30 September 2023. Show all workings clearly. [2]

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On 31 December 2023, Carol has an inventory balance of \$7 500. She discovered that rats in the warehouse has damaged some of the sneakers and has to be discarded. The net realizable value of the inventory was \$6 800.

**Required**

- (d)** Explain to Carol how the inventory should be valued. [1]

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- (e)** State and explain the accounting theory applied in **(d)**. [2]

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- (f)** Prepare the journal entry to adjust the inventory to comply with (d) and (e).  
Narration is **not** required. [2]

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- (g)** State the effect and amount on profit for the year and current assets if the inventory was not adjusted. [2]

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**[Total: 11]**

**3** The following balances were in the books of Champion Tuition Centre as at 1 April 2022.

Tuition fee income received in advance	\$20 000
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During the year ended 31 March 2023, Champion Tuition Centre received by cheque \$24 000 for tuition fees.

On 31 March 2023, the following balances were in the books of Champion Tuition Centre.

Tuition fee income receivable	\$8 000
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## Required

- (a)** Calculate the amount of Tuition fee income for the year ended 31 March 2023. [4]

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- (b)** State and explain the accounting theory applied when Champion Tuition Centre adjusted for the Tuition fee income receivable at the end of the financial year. [6]

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Champion Tuition Centre is owned by Mr Loo. On 1 April 2022, Champion Tuition Centre has a capital account balance of \$50 000. During the year, the following took place.

2022 July 13	Mr Loo contributed \$5 000 of his personal furniture to be used in the tuition centre.
December 20	Mr Loo withdrew \$20 000 from the business bank account to pay for his family holiday in Japan.

For the year ended 31 March 2023, the tuition centre made a profit of \$120 000.

**Required**

- (c) Prepare the following ledger accounts for the year ended 31 March 2023  
Bring down the balance where necessary.

- (i) Drawings account. [2]

Drawings Account

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- (ii) Capital account. [4]

Capital Account

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- (d) State and explain the accounting theory applied in recording of capital and drawings. [2]

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**[Total: 14]**

- 4 Balestier Trading buys and sells aquarium accessories in Singapore. The business purchased all its inventory on credit from a local manufacturer Jackson Ltd. On 1 August 2022, Balestier Trading owed Jackson Ltd \$8 400. The following transaction took place in the month of August 2022.

2022	
August 4	Bought goods at list price \$12 000 less 10% trade discount.
August 5	Goods bought on 4 August with a list price of \$1 000 was found to be defective and was returned.
August 15	Balestier Trading paid the amount owed on 1 August 2022, and was given a cash discount of 1%.

**Required**

- (a) Prepare Jackson Ltd ledger account for the month of August 2022. Bring down the balance to the next month. [6]

Jackson Ltd account

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**(b)** Give one difference between a trade discount and a cash discount. [2]

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**(c)** List two features of a sole proprietorship. [2]

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Balestier Trading is considering changing one of its local supplier, Thompson Ltd to a Malaysian supplier, Tian Huat Ltd.

Balestier Trading provided the following information about the two suppliers:

	Thompson Ltd	Tian Huat Ltd
List price per box	\$32.50	\$25.40
Credit terms	30 days With 4% cash discount for payment made within 10 days.	40 days With 6% cash discount for payment made within 5 days.
Delivery charges	\$40 per 100 boxes	\$100 per 100 boxes
Return policy	Returns are to be made within 3 days after delivery	Returns are to be made within one week after delivery.
Reputation of supplier	Has been in business for 40 years.	Has a good online rating and favourable online reviews from customers.



## Required

**(d)** Advise Balestier Trading which supplier the business should choose. Justify your decision with **two** reasons. [5]

[illegible]

**[Total: 15]**

**[End of Paper]**