Name:	Class: Sec	Index No.:





### PRINCIPLES OF ACCOUNTS

Paper 2 23 August 2024 For Examiner's Use

SECONDARY 4 EXPRESS / 5 NORMAL (ACADEMIC) Total Marks

2 hours

Candidates answer on the Question Paper.

Additional Materials: Insert

### **READ THESE INSTRUCTIONS FIRST**

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

Write in dark blue or black pen.

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

The use of an approved calculator is allowed.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

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

The total number of marks for this paper is 60.

This document consists of **14** printed pages and 1 insert.

1 Refer to the Insert for data for Question 1.

# **REQUIRED**

(a) Prepare the statement of financial performance for the year ended 31 December 2023.

Wong's Advertising Statement of Financial Performance for the year ended 31 December 2023	

 •••••

[8]

(b) Prepare the statement of financial position as at 31 December 2023. Wong's Advertising Statement of Financial Position as at 31 December 2023


[Total: 20]

**2** ZH sold toiletries to Daily Supermarket on credit.

As Daily Supermarket has settled payment for the previous month, there is no balance in its account on 1 August 2023.

The following transactions took place in August 2023.

2023

- Aug 2 ZH sold goods at a list price of \$4 000 less 10% trade discount to Daily Supermarket. The cost of the goods sold was \$2 000.
- Aug 5 Goods at list price of \$600 was returned by Daily Supermarket. The cost of the returned goods was \$300. These goods were bought on 2 August.
- Aug 15 ZH received a cheque for the amount outstanding less cash discount at 5%.
- (a) Prepare Daily Supermarket account in the books of ZH for the month of August 2023.

Daily Supermarket account	
[4]	
State one difference between trade discount and cash discount.	(b)
[2]	

DY is an investor who wishes to invest in a fashion business.

The following information on two businesses, Style Right and Fashion Dream, for the financial year ended 31 December 2023, was provided.

Both businesses sold goods on credit only.

	Style Right	Fashion Dream
	\$	\$
Sales revenue	320 000	440 000
Cost of sales	82 500	130 000
Average Trade receivables	70 000	30 000

(c) (i)	Calculate the rate of trade receivables turnover and trade receivables collection period for Fashion Dream. Show your answer to two decimal places.			
	[2]			

	Style Right	Fashion Dream
Rate of trade receivables turnover	4.57 times	?
Trade receivables collection period	79.84 days	?

(ii)	Comment on the management of the trade receivables between both businesses.				
	[4				

On 1 Janu	ary 2023, FHK Ltd had the followi	_		[ lotal: 12
Issued sha	are capital, 60 000 shares	\$ 120 000		
Retained e	earnings	37 700		
2023				
Jun 15	Dividends at \$0.05 per share	were declared.		
Dec 31	Profit for the year was \$88 19	90.		
REQUIRE	D			
(a)	Prepare the retained earnings at 31 December 2023.	count for the financia	al year	ended
	Retained ear	nings account		
 On 1 Janu		on at \$2 and word in		[3]
	ary 2024, additional 40 000 share epare the journal entries to record			warv
	24. Narration is not required.	the shares issued of	ii i bali	aai y
	Journa	,		
Date		De		Credit \$
2024		'		

(c)	Defin	e the following.	[2]
	(i)	Retained earnings	
			[1]
	(ii)	Dividends	
			[1]
(d)	Expla	ain the following accounting theories.	
	(i)	Monetary	
			F.4.1
	(ii)	Going concern	
			[1]

[Total: 9]

4		Trading buys and sells sport shoes. On 1 April 2024, Henry Trading has a ning inventory of 200 pairs of shoes costing \$30 000.	
	During	g the month of April 2024, the following transactions occurred:	
	2024		
	Apr 4	Bought 200 pairs of shoes costing \$40 000 from Ken Group on credit.	
	10	Sold 200 pairs of shoes for \$60 000.	
	15	Bought 150 pairs of shoes and issued a cheque of \$15 000 for payment.	
	(a)	Define what FIFO stands for and explain how it is used in the valuation of inventory.	
	,		
	,		
			. [3]
	(b)	Prepare the inventory account for the month of April in 2024.	
		Inventory account	
	•		
			.[4]

(c)	Calculate the gross profit for the month of April in 2024.			
				[1]
Sales	were not goo	ed and the ending inventory could only	be sold for \$11	000.
		s on 31 December every year.		
(d)	(i) Prepa	re the adjustments on 31 December 2	2024.	
		Journal		
	Date		Debit \$	Credit \$
	2024			
				[2]
	(ii) State adjust	the effect on profit and current asset it ed.	f the inventory v	vas not

Jordan sells smart glasses. He wants to order a new product and is deciding between the two products.

His customers want smart glasses that are user-friendly.

	Smartech	Tedglass
Cost for each smart glass	\$300	\$580
Nature of product	New product in the market, not sold in many stores locally	Can take photos and videos with a button
	Popular overseas	Has excellent resolution
Customer preference	Reviews of the smart glasses are very good. Many likes on the brand's social media.	Popular among people who want hassle-free devices that can be used easily

## **REQUIRED**

Which brand will you recommend Jordan to buy based on the factors in the given scenario? Justify your decision with <b>three</b> reasons.				
[7]				

[Total: 19]

# **Additional page**

# Additional page