Class Register Number Name



Bukit Batok Secondary School GCE 'O' Level Preliminary Examination 2023

Secondary 5 Normal Academic

PRINCIPLES OF ACCOUNTS

7087/01

Paper 1
Candidates answer on the Question Paper
No Additional Materials are required

24 August 2023 Thursday 0820 - 0920 1 hour

READ THESE INSTRUCTIONS FIRST

Write your name, register number and class on this cover page.
Write in dark blue or black pen in the spaces provided on the Question Paper.
You may use a pencil for any rough working.
Do not use staples, paper clips, glue or correction fluid.

The use of an approved calculator is allowed.

Answer all questions.

1

Where layouts are to be completed, you may not need all the lines for your answers. Where the columnar format is used, the running balance column should be updated for the first and last entries. Where applicable, the balance should be brought down to the next financial year.

The businesses described in this question paper are fictitious.

You are reminded of the need for clear presentation in your answers. At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question. The total number of marks for this paper is 40.

HOM: Strive for accuracy and precision

For Examiner's Use

This document consists of 11 printed pages and 1 blank page.

Answer all questions

1 Maverick Engineers Limited provided the following ledger account.

		Retained earn	ings account		
Date		Particulars	Debit	Credit	Balance
	022	<u> Pytak ji da kalan</u> a	\$	\$	\$
	ay 1 023	Balance b/d			140 250 Cr
	r 30 r 30	Income summary Dividends	8 000		132 250 Cr
	ay 1	Balance b/d	15 000		117 250 Cr 117 250 Cr
REQ	UIRE	ED .			
(a)	Inter	rpret all entries on 30 April 2023.			
,		. And American Committee to			
,					
			7 - Agran - 1 - 1 - 1		. 1
and ed	27.	Filipation of the control of the con	p =		[2]
(b)	Stat	e the meaning of:	dan	100,000	[3]
	(i)	Share capital			
		sētam na ladav mengas. Tari ir salikas salaks	d whom the con-		
		January Anna a canada	h+ (-) - h - 1 - 1 - 1 - 1	il-(venture)	[1]
	(ii)	Dividends			it as imparty consens
			n name		
	(iii)	Detain		ill variant	[1]
	(iii)	Retained earnings			
				ascot sait	
					[1]

On 1 May 2022, Maverick Engineers Limited had a share capital of 10 000 ordinary shares of \$1.50 each. On 2 November 2022, the business issued another 5 000 ordinary shares for \$1.70 each.

REQUIRED

IL GOILED			
(c) Prepare the equi	an extract of the statement of financity section.	ial position as at 30 April	2023 to show
	Extract of Statement of Financial I	Position as at 30 April 20.	23
9	trefolder	i Lagraphic of malar	uds Engl
-			
	- sers	een starped tijn ee ny on 2 mil	ıl (a)
			~
rsylven regione un 1100			
	gainteas, gear skirgut gasait palias.	Hemic and amount for area 34 January 2012.	[4]
			[Total: 10]

2 Bradley runs a catering business which owns several motor vehicles. Bradley's business has a financial year end of 31 January. The following ledger account has been provided.

	Accumulated depreciation of	of motor vehicle	es account	[
Date	Particulars	Debit	Credit	Balance
2022		arsia\$ and to !	\$	mego (5 (5)
Feb 1				40 650 Cr
Jul 1		4 800		35 850 Cr
2023 Jan 31			?	earrig <mark>a</mark>
REQUIR	RED			
(a) In	terpret the entry on 1 July 2022.			
7.11		grayan;	\$ -090	ne tel
0+1 <u>-</u>				· · · · · · · · · · · · · · · · · · ·
		S. 2714 16	Will TA	S 17100 [1]
	ame and explain the accounting theor	y applied when i	recording t	he transaction on
N:	ame:			
E	xplanation:			
N See	May .			[2]

Bradley's business received \$24 000 cheque for the sold motor vehicle. The motor vehicle was bought on 1 June 2020. The following ledger account has been provided.

Date		Debit	Credit	Balance
	Particulars	Debit	\$	\$
2022		Φ	*	150 000 Dr
Feb 1	Balance b/d		30 000	120 000 Dr
Jul 1	Sale of non-current assets	22 680	00 000	142 680 Dr
Jul 1	Cash at bank	22 660		
EQUIRE	ED	and the supply the state of the		
;) Cal	culate the gain or loss on the sale	of non-current	asset.	
- Ti	ang pang			
) []	The state of the s			
alance r	s policy is to depreciate motor ve method. No depreciation is charge	ed in the year o	f sale.	
alance r	method. No depreciation is charge	ed in the year o	f sale.	
alance r EQUIRI	method. No depreciation is charge	ed in the year o	f sale.	
alance r EQUIRI	method. No depreciation is charge	ed in the year o	f sale.	
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alance r EQUIRI	method. No depreciation is charge	ed in the year o	f sale.	
alance r	method. No depreciation is charge	ed in the year o	f sale.	
alance r	method. No depreciation is charge	ed in the year o	f sale.	

(e)	Prepare an extract of the statement of financial position as at 31 January 2023 to
	show the non-current assets section

Extract of Statement of Financial Position as at 31 January 2023

2	8	Ŷ.	CROS	
031				
021	30 000		Jul 1 Sole of non-current assets	
		030 92	vinsd to desp in tuit	Militaria Nacestrolation
			. Garano.	534
<u> </u>	Jeans	nomuo-non lo		5)
		-		
				[2 <u>]</u>

[Total: 10]

^	On 1 March 2022, Penelope started Penelope Storytime and ordered a shipment of 200
3	On I March 2022, I cholope started to the of books was \$6,800 Included in the
	books on credit. Total cost incurred on this batch of books was \$6 800. Included in the
	cost were the following.

	OOL OPERIOR	
Shipping fee for the books	350	
Import tax on the books	85	
Wages for staff to pack the books	500	
Marketing costs to promote and sell the books	265	

REQUIRED

	State one reason why a business buys inventory on credit.		
	US GC sapunduSE SS hedge and a classic state and area	olehmig (a)	
•			

(b) Prepare journal entries to record the total costs incurred on this batch of books.

Date	Particulars	Debit	Credit
	an at 28 Fabruary 2022.	\$	\$
and the second			
			#
			-
Februar	turnever for the year anoad 28	stcutate the rate of inventory	(e) C
	nat places.	iow your answer to fwo decli	ε

[3]

Penelope Storytime uses the First-In-First-Out (FIFO) method to record its inventory. The

following in	nformation was provided for the financial year ended 28 February 2023.
2022	
Mar 1	Purchased 200 books.
Apr 8	Purchased 100 books with list price \$4 300, less 2% trade discount.
Aug 12	Purchased 100 books on credit for \$4 000.
Nov 3	Purchased 100 books on credit for \$4 100.
Dec 24 2023	
Jan 25	Sold 100 books on any life of the
	2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
REQUIRE	(t) State one reason why a business buys invertory on credit.
	culate the cost of sales for the year ended 28 February 2023.
ich of books.	(b) Prepare joinnal entries to record the rotal costs incurred on this bar
	(b) Prepare journal entities to record the force (c)
(d) Calc	ulate the ending inventory as at 28 February 2023.
	[1]
(e) Calcu	
Show	late the rate of inventory turnover for the year ended 28 February 2023. your answer to two decimal places.
-	
	[2]

The rate of inventory turnover for Benjamin Reads, a direct competitor of Penelope Storytime, for the year ended 28 February 2023 was 3.74 times.

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o	Е	г		11		-	
П			٠.	,,	г		м

	ompare and comment			f Penelope Stor	ytime and
В	enjamin Reads for the	year ended 28 F	ebruary 2023.		
				-	
1	ents daelf in yee.	the statement		aranyago est _{ab}	9-187 - 7
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-		TID ODGO 100V IC	innani e upriolii	i ot east veer in	***************************************
-				GE FIR	nin
-		2129710111111111111111111111111111111111	por i vi comi		100)
-					
					[Total:

4	Mitchell took a \$50 00) bank loan on 1 April 2021.	
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REQUIRED (a) Distinguish between a bank loop and a bank sound of

Distinguish between a bank loan and a bank overdraft.	
un Roads for the was auded 25 Johnson; 2009.	ncjaed
The same of the sa	
	[2]

The equal repayment of the principal amount is on every 31 March starting from the following year over a 10-year period. Interest on the loan is 2% per annum payable on 31 March of each year. Mitchell's financial year ends on 31 December of each year.

REQUIRED

(b) Prepare journal entries to record the end of year adjustment and transfer of interest expense for the year ended 31 December 2022.

Date	Particulars	Debit	Credit
		\$	\$
		Marie Company	
	and the second second		
Phylon I	the site to person or the pro-	tur Mae yezer Alikakir rusa	
Server Top 1	Committee and the committee of the commi		plante of the second
To Serve			
		7	

Mitchell discovered that interest payment has been correctly credited to the bank account but wrongly posted to the bank loan account for the year ended 31 December 2022.

REC	QUIR	ED		
(c)	Analyse the effect of this error on:			
	(i)	Profit for the year ended 31 December 2022		
			1 1 1	
			[2]	
	(ii)	Non-current liabilities as at 31 December 2022		
			[1]	
		[Тс	 otal: 10]	

END OF PAPER