

<b>Name:</b>	<b>Index No.</b>	<b>Class:</b>
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**Dunearn Secondary School**  
**Preliminary Examination 2022**  
**Principles of Accounts**  
**Secondary 4 Express**  
**Paper 1**

**7087/1**

**12 Sep 2022**

**1130 hr to 1230 hr**

**1 hour**

**INSTRUCTIONS TO CANDIDATES**

**Do not open this booklet until you are told to do so.**

Write your name, register number and class on the question paper.

Write in dark blue or black pen.

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

You may use a calculator.

**Please show all workings clearly.**

All calculations must be shown adjacent to the answer.

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

Parent's Signature   
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For Examiner's use	
1 (8)	
2 (12)	
3 (7)	
4 (13)	
<b>TOTAL (40)</b>	

Setter: Ms Cindy Goh

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This paper consists of **9** printed pages, inclusive of the cover page.

1 The accountant of Ningxuan business discovered the following errors after preparing the trial balance as at 30 June 2021.

1. Cheque of \$1 000 received from Le Le has been recorded in Lee Lee account.
2. The credit note of \$300 issued to Lee Lee was not recorded.
3. Insurance premium of \$6 800 paid was debited to cash at bank and credited to insurance account.
4. Bank interest income of \$800 received was recorded as \$80.

The statement of financial performance for the year ended 30 June 2021 showed a profit of \$5 858 before discovering the errors.

**REQUIRED**

(a) Prepare journal entries to correct the errors.

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[4]

(b) Prepare a statement to show adjusted profit for the year ended 30 June 2021.

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[4]

**[Total: 8]**

2 This is an account extracted from Deon's books:

Allowance for impairment of trade receivables account

Date		Dr (\$)	Cr (\$)	Balance (\$)
2018				
April 1	Balance b/d (i)			8 000 Cr
Dec 14	Dawn (ii)	3 000		5 000 Cr
2019				
Mar 31	Impairment loss on trade receivables (iii)	100		4 900 Cr
April 1	Balance b/d			4 900 Cr
July 18	Janessa	3 900		1 000 Cr
2020				
Mar 31	Impairment loss on trade receivables (iv)		6 000	7 000 Cr
April 1	Balance b/d			7 000 Cr

(a) Interpret the transactions on the following dates:

[2]

(i) 1 April 2018.

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(ii) 14 Dec 2018.

[2]

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(iii) 31 Mar 2019.

[2]

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(iv) 31 Mar 2020.

[2]

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(b) State the **effect** of **not adjusting** allowance for impairment of trade receivables on profit for the year ended:

[2]

(i) 31 March 2019 \_\_\_\_\_

(c) State the **effect** of adjusting allowance for impairment of trade receivables on the current assets for the year ended:

[2]

(ii) 31 March 2020 \_\_\_\_\_

**[Total:12]**

- 3 The following are extracted from Daniel Technology books for the year end 2020 and 2021.

	<u>2020</u>	<u>2021</u>
<u>Current assets</u>	(\$)	(\$)
Cash at bank	40 000	-
Trade receivables	1 000	3 500
Inventory	3 000	56 300
<u>Current liabilities</u>		
Bank overdraft	-	20 000
Trade payables	8 000	10 400
Income received in advance	2 000	3 100
Current portion of long term borrowing	-	5 000

**REQUIRED**

- (a) Comment on the liquidity of Daniel Technology over the two years.

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[4]

(b)

	Daniel Technology	Raheem Hi-tech
Inventory turnover	12 times	25 times
Day sales in inventory	? days	? days

Based on the table given above, comment on the inventory efficiency of both companies.

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[3]

**[Total: 7]**

4 Faye runs a consultancy service business with financial year end of 31 December.

<u>Service Fee Income account</u>		Debit	Credit	Balance
		(-)	(+)	
		\$	\$	\$
2021				
Jan 1	Service fee income receivable (i)	1 200		1 200 Dr
Feb 15	Cash at bank (ii)		3 200	2 000 Cr
Jun 22	Cash in hand		7 000	9 000 Cr
Dec 31	Service fee income received in advance (iii)	1 000		8 000 Cr
31	Income summary (iv)	8 000		-

# **REQUIRED**

(a) Interpret the transactions above.

(i) \_\_\_\_\_

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(ii) \_\_\_\_\_

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(iii) \_\_\_\_\_

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(iv) \_\_\_\_\_

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[8]

- (b) Prepare an extract of the Statement of Financial Performance for the year ended 31 December 2021, showing only the relevant section only.

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[1]

- (c) Prepare an extract of the Statement of Financial Position as at year ended 31 December 2021, showing only the relevant section only.

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[2]

- (d) State the effects of **not** adjusting for the service fee income received in advance on 31 December 2021:

- (i) Profit for year 2021

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[1]

- (ii) Current assets as at 31 December 2021

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[1]

**[Total: 13]**

**End of Paper**