	Class	Index No.
Candidate Name:		Denimar 1



FUHUA SECONDARY SCHOOL

Secondary Four Express Secondary Five Normal (Academic)



Preliminary Examination 2023

Fuhua Secondary Fuhua Secondar

PRINCIPLES OF ACCOUNTS

7087/01

Paper 1

Candidates answer on the Question Paper. No additional materials are required.

DATE 28 August 2023 TIME 1115 – 1215 DURATION 1 hour

READ THESE INSTRUCTIONS FIRST

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

Write in dark blue or black pen.

You may use an HB pencil for any rough workings.

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

The use of an approved calculator is allowed.

Answer all the questions.

The businesses described in this question paper are entirely fictitious.

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

PARENT'S SIGNATURE	FOR EXAMINER'S USE
Soft Arge	/ 40 marks
The second secon	

This question paper consists of 9 printed pages and 1 blank page.

Answer all questions.

1 Desiree wants to find out more information about business and accounting as she opens her own brownie store.

REQUIRED

(a) State the double entry to be recorded when an owner uses her personal cheque to pay for the business' rental expenses.

Account to be debited	Account to be credited
Ten in the second of the secon	The first the second se

(b) State and explain the accounting theory applie statements.	L.	2]
statements.	ed in the preparation of financial	
	1101 to 2004 00 HP 2	
	Section 1997	
	MOJTAR [2	2]
(c) Explain one professional ethics of accountants	TENE THEOLOGICALINA STEP CALE.	
	anders are industrial properties.	
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		••••
Upor	roma et transcules bayarur, e e e e e [2]	21
(d) State the source documents used for the follow	arnyle elwas	-1

Transaction details	Source document used
Sold goods on credit	BRUTS FAR 2 WAR
Increase amount previously undercharged to a credit customer	

[2]

The following account was presented in the first month of the business.

Drawings				
Date 2021		Debit \$	Credit \$	Balance \$
Sep 1	Cash at bank	10 000	American Service -	10 000 DR
Sep 19	Motor vehicle	18 000		28 000 DR

(e) Interpret	the entries on 1 September and 19 September.	
1 Sep		
19 Sep		[2]
	[To	tal: 10]

nnstian is reviewing h	ow to better protect the	cash kept in the office.	
EQUIRED			
	nal controls		
Credit Boxon	Maga		
090 01	000 01	, Carlad bank	
28 000	000 81	Motor vehicle	[4]
Explain two reaso	ns why a business nee	ds to have internal controls.	ngunere) qo8 t <u>no2 er</u>
Define the monetar	y concept.		[2]
	Explain two interests in the control of the control	EQUIRED) Explain two internal controls.	Explain two internal controls. Explain two reasons why a business needs to have internal controls.

The following information was available from the business.

Cash at bank				
Date 2022	a 000 was omitted. The original cost	Debit \$	Credit \$	Balance \$
Jun 1	Balance b/d			15 000 DR
Jun 13	Trade receivable – Zola	3 400		18 400 DR
Jun 17	Cash in hand	moo at askint	100	18 300 DR
Jun 25	Trade receivable – Zola	tenupsi ien	3 400	14 900 DR
liberO	6 TideO		i als	
Jul 1	Balance b/d			14 900 DR

(d)	interpret the	uansactions (on 17 June and 25 June.		
	17 Jun				
	25 Jun			 •••••	***************************************
		7 7		•••••••••••••••••••••••••••••••••••••••	[2]
				 По	tal: 91

- 3 Stacy was reviewing the accounts in her trial balance when she found the following errors.
 - 1 Business recorded commission income received through cheque, \$400, by debiting the commission income account and crediting the cash at bank account.
 - 2 Sale of goods on credit to Matt, \$3 000 was omitted. The original cost of goods was \$1 750.

The unadjusted profit for the year was \$13 000.

REQUIRED

(a) Prepare the journal entries to correct the errors for the year ended 31 December 2022. Narrations are **not** required.

Journal

	Date 2022		Debit \$	Credit \$
1	Dec 31		Dig Sousies	
2	Dec 31	i Analiës de la langenit	negraal oril pa	ensimble ch
				CL og
5147	Dec 31	3 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A		

[6]

(b) Prepare the statement to show adjusted profit for the year ended 31 December 2022.

	eal from the class	de orkeon d	inventory	Day: \$ sales in
Viey 20	scover the two years.	vër of the business	be inventory turno	(a) Evaluate
of the second		23115200000	08.83.883	decer .
		700074		100
727				parts.
And the second s	_			# ()

[6]

[Total: 12]

4 Mason provided the following information about the business.

	2021	2022
Rate of inventory turnover (times)	3.40	2.78
Days sales in inventory (days)	55	63

(a) Evaluate the inventory turnover of the	e business over the two years.
	kod skools a konstruktiva Ziriska Ziri
Corps - a	Legitor Con Special 2015
(67.77)	Later description of the second
0000	
	[5]

(b) The following transactions occurred in the month of May 2021.

Date	Transactions
2021	
May 4	Bought goods worth \$5 000 from credit supplier, Jack. The business received a 10% trade discount.
May 13	Returned goods bought on 4 May due to wrong specification. The original list price was \$500.
May 20	Paid amount owing to Jack using cheque and received a 10% cash discount.

Prepare the journal entries to record the transactions on 20 May. Narrations are **not** required.

Journal

Date 2021	night Pair (a., sta)	Debit \$	Credit \$
- 200 100 Proposition 1			
		,	

[4]

[Total: 9]

END OF PAPER