

2023 Holiday Revision Paper – Bukit View 2023 Sec 3N EYE

Instructions:

Complete this whole paper (both Paper 1 & Paper 2) and hand in on the first lesson of 2024 for marking. You may use notes or other materials to help you to do the paper. Those who do not hand in on time will stay back to do the full paper under exam conditions. Those who fail (less than 50%) will do another paper.

-PAPER 1-

- 1** Wallace set up a business on 1 March 2023. The opening assets and liabilities of the business were as follows:

	\$
Office equipment	67 000
Mortgage loan	50 000
Inventory	23 500
Cash at bank	12 700
Trade receivables	19 000
Trade payables	11 340

REQUIRED

- (a)** Explain the following terms:

(i) assets

.....
[1]

(ii) liabilities

.....
[1]

- (b)** Calculate the capital of Wallace's business on 1 March 2023.

.....
[3]

Wallace provided the following information for his business in April 2023.

- 1 Wallace contributed a motor vehicle worth \$10 000 to the business.
- 2 Business obtained a bank loan of \$30 000 from XYZ bank.
- 3 Business sold goods for \$1 500 on credit. The cost of goods sold was \$850.
- 4 Business returned damaged goods worth \$5 000 to credit supplier.

REQUIRED

- (c) Show the effects of these transactions on the accounting elements. The first transaction has been completed as an example.

	Effects of transactions on		
	Assets (\$)	Liabilities (\$)	Equity (\$)
1	Motor Vehicles + 10,000	No effect	Capital + 10,000
2			
3			
4			

[8]

[Total: 13]

2 The following balances were extracted from Amanda Dresses' books on 31 July 2023.

	\$
Capital	58 000
Cash at bank (overdrawn)	4 500
Cash in hand	1 100
Discount received	800
Motor vehicles	110 000
Trade receivables	3 600
Trade payables	2 370
Office equipment	50 000
Sales revenue	128 800
Utilities	36 420
Drawings	4 000
Inventory	5 400
Bank loan	28 050
Sales returns	12 000

The accountant realised that the following transactions for the month of July 2023 were not recorded.

- 1 Amanda, the owner of Amanda Dresses, took inventory costing \$250 as a gift for her friend's birthday.
- 2 Bought office equipment for \$800 using cash.
- 3 The business issued \$1 800 cheque in full settlement of \$2 000 owing to credit suppliers.

REQUIRED

(a) Give **two** reasons for preparing a trial balance.

.....

.....

..... [2]

(b) State **one** limitation of a trial balance.

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.....

..... [1]

(c) Prepare an adjusted trial balance for Amanda Dresses as at 31 July 2023.

[7]

- (d) Prepare an extract of statement of financial position as at 31 July 2023.
Show clearly how the cash at bank balance would be presented.

Amanda Dresses
Statement of Financial Position as at 31 July 2023

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[2]

[Total: 12]

- 3 Jasmine started a business to buy and sell cakes. To help her manage the accounting records of her business, she decided to hire an accountant.

REQUIRED

- (a) Explain the role of accounting.

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..... [1]

- (b) State the **four** stages of the accounting cycle.

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..... [2]

- (c) State the accounting theory that the business applied in each of the scenarios below.

Scenario	Accounting theory
The business prepares its financial statements quarterly.	
Activities of a business are separate from the actions of the owner.	
Transactions should be recorded at their original cost.	

[3]

- (d) Identify the source document used to record each transaction listed below. The first transaction has been completed as an example.

Date 2023	Transaction	Source document
Sept 1	Cash sales	<i>Receipt</i>
Sept 11	Bought a new oven on credit	
Sept 20	Returned spoilt cake ingredients to credit supplier	
Sept 25	Transferred funds to credit supplier for amount owing	

[3]

[Total: 9]

- 4 Kaleb buys and sells carpets on credit. The following account is extracted from Kaleb's books.

Trade Receivables – Nur				
	Dr	Cr	Bal	
2023	\$	\$	\$	
Aug 1 Balance b/d			5 000	Dr
6 Sales revenue	4 800		9 800	Dr
11 Sales returns		800	9 000	Dr
18 Cash at bank		4 750	4 250	Dr
18 Discount allowed		250	4 000	Dr
21 Cash at bank	4 750		8 750	Dr
21 Discount allowed	250		9 000	Dr
Sep 1 Balance b/d			9 000	Dr

REQUIRED

- (a) Interpret the transactions that took place on the following dates.

(i) 1 August 2023

..... [1]

(ii) 11 August 2023

..... [1]

(iii) 21 August 2023

..... [2]

- (b) State **two** non-accounting information that Kaleb has to consider when deciding whether to grant credit to a customer.

..... [2]

[Total: 6]

-PAPER 2-

- 1 The following balances were extracted from the books of Yun Nee Traders on 30 April 2023.

	\$
Capital, 1 May 2022	55 230
Cost of sales	32 300
Bank loan	40 000
Office equipment	17 000
Motor vehicle	36 000
Utilities expense	27 800
Discount received	550
Insurance	7 500
Salaries expense	9 250
Interest expense	12 860
Rent income	11 900
Sales revenue	98 800
Sales returns	23 900
Trade receivables	13 000
Trade payables	8 500
Inventory	14 450
Cash at bank	12 120
Drawings	3 000
Advertising	5 800

The following information was made available on 30 April 2023.

- 1 Rent income has been collected for fourteen months till 30 June 2023.
- 2 Insurance costs \$500 per month.
- 3 Advertising expense of \$660 for the month of April 2023 was unpaid.
- 4 Inventory was written down to its net realisable value of \$12 250.
- 5 Owner withdrew \$2 800 from the business bank account for personal use. This was not recorded in the books.

REQUIRED

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

Yun Nee Traders
Statement of Financial Performance for the year ended 30 April 2023

[illegible]

- 2 The following cash at bank account was extracted from Maddy Melon's books for the month of February 2023.

Cash at bank account					
Date	Particulars	Cheque	Debit	Credit	Balance
2023			\$	\$	\$
Feb 1	Balance b/d				2 600 Dr
3	Berry Supplies	8009		2 150	450 Dr
14	Coco Trading		4 110		4 560 Dr
18	Orange Store	8010		1 800	2 760 Dr
19	Sales Revenue		2 500		5 260 Dr
26	Drawings	8011		880	4 380 Dr
27	Papaya Ltd		230		4 610 Dr
Mar 1	Balance b/d				4 610 Dr

On 5 March 2023, the business received its bank statement for February 2023 below.

Bank Statement				
Date	Particulars	Withdrawal	Deposit	Balance
		\$	\$	\$
2023				
Feb 1	Balance b/d			2 600 Cr
2	Direct deposit – Commission		1 800	4 400 Cr
11	Cheque 8009	2 150		2 250 Cr
14	Standing order – Rent	1 850		400 Cr
18	Cheque deposit		4 110	4 510 Cr
21	Cheque deposit		2 500	7 010 Cr
22	Rejected cheque (14 Feb)	4 110		2 900 Cr
23	Cheque no 8010	1 500		1 400 Cr
28	Interest on deposit		80	1 480 Cr

Additional information:

The accountant discovered that she had incorrectly recorded cheque number 8010 in the cash at bank account.

REQUIRED

- (a)** Prepare the updated cash at bank account as at 28 February 2023.

[illegible]

- (b)** Prepare the bank reconciliation statement as at 28 February 2023.

[illegible]

[4]

(c) State the effect of bank reconciliation adjustment on profit for the year.

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..... [1]

(d) State **two** purpose of internal controls over cash.

.....
..... [2]

(e) Other than bank reconciliation, state and explain one other type of internal control over cash.

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.....
.....
..... [2]

[Total: 14]

- 3** Wei Supplies buys and sells goods on credit. The following transactions took place during August 2023.

2023

- | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Aug 1 | Wei Supplies owed \$2 500 to Lim Furnishings. |
| 11 | Lim Furnishings sold goods to Wei Supplies at a list price of \$5 500 less 10% trade discount.

A cash discount of 5% is given if payment is made within 14 days. |
| 12 | Wei Supplies settled the amount owing on 1 August by cheque. |
| 16 | Wei Supplies returned some goods bought on 11 August at a list price of \$300. |
| 24 | Wei Supplies issued a cheque to Lim Furnishings in full settlement of the amount owing on this date. |

REQUIRED

- (a)** Explain the difference between a cash transaction and a credit transaction.

[2]

- (b)** Prepare Lim Furnishings' account in Wei Supplies' books for August 2023.

[illegible]

(c) Make **one** comparison between trade and cash discount.

[2]

(d) State the effect on profit for the year if the transaction on 24 August was not recorded.

[1]

[Total: 11]

- 4 Abby runs a supermarket and uses the First-In-First-Out (FIFO) method of inventory valuation. On 1 June 2023, she had 200 cartons of milk costing \$300.

The business provided the following purchases and sales for the month of June 2023.

Purchases

2023	Cartons of milk	Total cost (\$)
Jun 6	300	540
10	200	280
18	500	850
20	300	560

Sales

2023	Cartons of milk	Total sales (\$)
Jun 16	500	1 160
22	700	1 400

REQUIRED

- (a) Explain the First-In-First-Out (FIFO) method of inventory management.

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.....

..... [1]

- (b) Calculate the gross profit for the month of June 2023.

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..... [3]

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On 29 June 2023, Abby discovered that \$350 worth of milk leaked during shipment.

REQUIRED

- (c) Prepare the journal entry adjust the value of inventory on 29 June 2023.
Narration is required.

Journal

Date	Particulars	Debit \$	Credit \$

[3]

- (d) State the effect on profit for the year if inventory was not adjusted on 29 June 2023.

.....

..... [1]

- (e) Name and explain the accounting theory applied in the valuation of inventory.

.....

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..... [2]

Abby wants to bring in a new product to sell in her supermarket. She is considering to buy either gluten-free* brownie or sugar-free chiffon cake because her customers are becoming more health conscious.

The following are points to consider.

	Gluten-free brownie	Sugar-free chiffon cake
Price	\$2.80	\$2.30
Nature of product	<ul style="list-style-type: none">• Made of gluten-free ingredients• Popular product overseas but it is a new product and is not available in many stores locally• Requires refrigeration	<ul style="list-style-type: none">• Contains no artificial sugar• Sold in local stores for the past 3 years• Can be stored at room temperature• Available in three different flavours
Customer preference	Reviews from overseas customers are good. Many local customers have inquired about this product.	Popular among customers that are health conscious.

** A gluten-free food is a food that does not contain any gluten, a group of proteins present in wheat and other grains*

REQUIRED

- (f) Which product would you advise Abby to buy? Give **two** reasons to support your answer.

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[5]

[Total: 15]

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