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7087/01

28 August 2023

1 hour

No Additional Materials are required.

Write your candidate name, class and index number in the spaces at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any rough working.
Do not use staples, paper clips, glue or correction fluid.
The use of an approved calculator is allowed.
DO NOT WRITE ON ANY BARCODES.

Answer all 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.
The total of the marks for this paper is 40.

For Examiner's use
Marks
40

Parent's Signature:_____

This question paper consists of 8 printed pages .

- 1 Hyuntae Coffee Trading provided the following details on its cash at bank account and bank statement for the month of June 2023.

Cash at bank account

Date 2023	Particulars	Cheque Number	Dr \$	Cr \$	Balance \$	
Jun	1 Balance b/d				2 840	Dr
	2 Utilities	0331		240	2 600	Dr
	3 Abishek		380		2 980	Dr
	10 Rajah	0332		130	2 850	Dr
	19 Cherisal	0333		720	2 130	Dr
	25 Cash			200	1 930	Dr
	27 Siti					
			1 125		3 055	Dr

Bank statement

Date 2023	Details	Payments \$	Receipts \$	Balance \$
Jun	1 Balance b/d			2 600 Cr
	2 Cheque 0331	240		2 360 Cr
	3 Cheque deposit		240	2 600 Cr
	4 Credit transfer - Samiksha		800	3 400 Cr
	6 Cheque deposit		380	3 780 Cr
	11 Cheque 0332	130		3 650 Cr
	25 Cash withdrawal	200		3 450 Cr
	29 Direct payment – Insurance	500		2 950 Cr
	30 Interest on deposit		30	2 980 Cr

REQUIRED

- (a) Explain the following terms.

(i) credit transfer

[1]

(ii) standing order

[1]

(b) Update the cash at bank account at 30 June 2023.

Updated cash at bank

[3]

(c) Prepare a bank reconciliation statement as at 30 June 2023.

Bank reconciliation statement as at 30 June 2023

[4]

Hyuntae Coffee Trading discovered that a receipt of \$500 from customer Htet in full settlement of \$520 owing was omitted from the books.

REQUIRED

- (d) State the effect of the error on the current assets and profit of the business.

[2]

[Total: 11]

- 2 Lincoln recently set up a chocolate distribution business and hired an accountant to help him.

REQUIRED

- (a) Explain the accountant's role in a business.

[2]

- (b) State the professional ethics an accountant must have.

[2]

Lincoln bought a computer system on credit to manage its accounting data.

REQUIRED

- (c) What is the source document received for the above purchase?

[1]

- (d) Name the steps the transaction will go through in the accounting process.

[4]

Lincoln's accountant wants to establish some internal controls for cash handling.

REQUIRED

- (e) Give one reason for internal controls for cash.

[1]

- (f) Name two forms of internal control for cash.

[2]

[Total: 12]

- 3 Tiara runs a frozen food wholesale business and provided the following information on 31 August 2022.

Freezers	\$148 800
Accumulated depreciation	\$65 100

On 31 October 2022 a freezer bought in March 2021 for \$20 800 was sold for \$5 250 by cheque. The business depreciates its freezers at 25% per annum using the reducing-balance method. A full year's depreciation is charged in the year of purchase but none in the year of sale.

REQUIRED

- (a) State and explain the accounting theory applied when the business records depreciation on its non-current assets.

[2]

- (b) Calculate the gain or loss on the sale of freezer on 31 October 2022.

[4]

On 1 September 2022 Tiara bought a new freezer for \$32 400 from BioTech Cool on credit.

REQUIRED

- (c) Calculate the depreciation on the freezers for the year ended 31 August 2023.

[2]

[Total: 8]

- 4 Shayn's sports business sells all its products on credit terms only. The business provided the following information for the two years ended 31 December 2022 and 2023.

	2021	2022
	\$	\$
Sales revenue	250 300	280 900
Sales returns	13 400	14 800
Cost of sales	142 100	172 900

Trade Receivables account				
Date	Particulars	Debit \$	Credit \$	Balance \$
2021				
Jan 1	Balance b/d			25 300 Dr
Dec 31	Sales revenue	250 300		275 600 Dr
Dec 31	Sales returns		13 400	262 200 Dr
Dec 31	Cash at bank		233 400	28 800 Dr
2022				
Jan 1	Balance b/d			28 800 Dr
Dec 31	Sales revenue	280 900		309 700 Dr
Dec 31	Sales returns		14 800	294 900 Dr
Dec 31	Cash at bank		256 100	38 800 Dr
2023				
Jan 1	Balance b/d			38 800 Dr

REQUIRED

- (a) Calculate the trade receivables collection period for the two years ended 31 December 2021 and 2022.

[4]

- (b) Comment on the management of the trade receivables by Shayan's sports business over the two years ended 31 December 2021 and 2022.

[3]

- (c) Suggest two ways in which Shyan can improve the trade receivables collection period.

[2]

[Total: 9]

- End of Paper -