

POA P1 PRELIM 2023
Principles of Accounts
4E5N

Table of Specifications (40 m)

Qn		knowledge with understanding	Knowledge with application	Analysis	Evaluation	Total
1a	C8 – define credit transfer, standing order	2				
1b	C8-Bank reconciliation		3			
1c	-Update cash at bank		4			
1d	-Bank reconciliation statement C15-Effect of error of profit & current assets				2	11
2a	C1–Role of accountant	2				
2b	C1-Professional ethics	2				
2c	C2-Identify source document		1			
2d	C2-Accounting process	4				
2e	C8-Reasons for internal control	1				
2f	C8-Types of internal control	2				12
3a	C11–Accounting theory applied in depreciation	2		4		
3b	C11–Gain/loss on sale of NCA					
3c	C11–Calculate depreciation expense		2			8
4a	C16–Calculate TR collection period			4		
4b	C16–Evaluate management of TR				3	
4c	C16–Ways to improve TR management		2			9
		15	12	8	5	40
		15 %	12 %	8 %	5 %	40 %

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Q1a (I)

-refers to the direct transfer of cash or cheque deposits by customers into the business bank account [1]

Q1a (II)

-refers an instruction given to the bank to pay a specific amount of money to a specific payee on a regular basis. [1]

Q1b

Updated cash at bank				
Date	Particulars	Debit \$	Credit \$	Balance \$
2023				
Jun 30	Balance b/d			3 055 Dr
Jun 30	Direct payment – Insurance [1]		500	
Jun 30	Credit transfer – Samiksha [1]	800		
Jun 30	Interest on deposit [1]	30		3 385 Dr
July 1	Balance b/d			3 385 Dr

Q1c

Bank reconciliation statement as at 30 June 2023		
	\$	
Balance as per bank statement	2 980	[1]
Add: Deposit in transit		
-Siti	1 125	[1]
Less: Cheques not yet presented		
-Cherisal (cheque no 0333)	(720)	[1]
Balance as per updated cash at bank	3 385	[1]

Q1d

Current assets is overstated by \$20 [1]

Profit is overstated by \$20 [1]

[Total:11]

Q2a

Accountant set up the accounting information system in a business and become stewards of the business. [1]

Accountants prepare and provide accounting information for stakeholders to make informed decisions. [1]

Q2b

Objectivity and integrity

[2]

Q2c

Invoice

[1]

Q2d

Record in journal
Post to ledger
Summarise in trial balance
Report in financial statements

[1]
[1]
[1]
[1]

Q2e

To ensure cash is well-protected by
-reducing the possibility of theft or reducing the likelihood of error
[any one point]

[1]

Q2f

-segregation of duties
-custody of cash
-authorisation of payment
-bank reconciliation
[any 2 – 1 m each]

[2]

[Total: 12]

Q3a

Matching theory states that all expenses incurred should be matched to all income earned for the same period. [1]
Depreciation, the cost of using non-current assets, should be matched to the income earned from using them. [1]

Q3b

First year: March 2021 to 31 Aug 2021

Depreciation = $25\% \times 20,800 = \$5,200$

[1]

Second year: 1 Sep 2021 to 31 Aug 2022

Depreciation = $25\% \times (20,800 - 5,200) = \$3,900$

[1]

Net book value of freezer = $20,800 - 5,200 - 3,900 = \$11,700$

[1]

Loss on sale of freezer = $11,700 - 5,250 = \$6,450$

[1]

Q3c

Depreciation

= $25\% \times [(148,800 - 20,800) - (65,100 - 9,100)] + 25\% \times 32,400$

= $25\% \times [128,000 - 56,000] + 8,100$

= $25\% \times 72,000 + 8,100$

= $18,000 + 8,100$

= $\$26,100$

[1]

[1]

Q4a

	2021 \$	2022 \$
Sales revenue	250 300	280 900
Sales returns	13 400	14 800
Net credit sales revenue	236,900	266,100
Rate of trade receivables turnover = $\frac{\text{net credit sales revenue}}{\text{average TR}}$	$\frac{236,900}{\frac{1}{2} [25300+28800]}$ = 8.7578 times [1]	$\frac{266,100}{\frac{1}{2} [28800+38800]}$ 7.8727 times [1]
Trade receivables collection period = $365 / \text{rate of TR turnover}$	$365 / 8.7578$ = 41.68 days [1]	$365 / 7.8727$ 46.36 days [1]

Q4b

Shayn's trade receivables collection period has slowed down from 41.68 days in 2021 to 46.36 days in 2022 by 4.68 days. [1]

Shayn is taking 4.68 more days to collect the payment from her trade receivables in 2022 compared to 2021. [1]

Her business is less efficient in managing the trade receivables to ensure the credit customers pay promptly. [1]

Q4c

-offer cash discount to her credit customers to pay promptly.

-offer better trade discounts to encourage her customers to pay immediately instead of buying on credit terms.

-assess the credit standing of the customers before selling on credit terms.

[any 2 points – 1m each]

[2]

[Total: 9]