

Name : _____

Register Number : _____

Class : _____

Clementi Town Secondary School
Preliminary Examinations 2022
Secondary 4 Normal (Academic)



PRINCIPLES OF ACCOUNTS
Paper 1

7086/01
28 July 2022
1 hour

Candidates answer on the Question Paper.
No Additional Materials are required.

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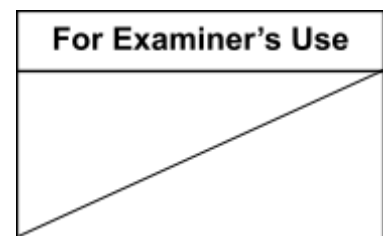
READ THESE INSTRUCTIONS FIRST

Write your name, register number and class on all the work you hand in.
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 approved calculator is allowed.
DO NOT WRITE ON ANY BARCODE.

Answer **all** questions.

The business 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.



This question paper consists of **12** printed pages, including this cover page.

[Turn over

- | | | Cash at bank account | | | | |
|-------|-------------------|----------------------|----------|-----------|------------|----|
| Date | Particulars | Cheque Number | Debit \$ | Credit \$ | Balance \$ | |
| 2022 | | | | | | |
| May 1 | Balance b/d | | | | 8 110 | Dr |
| 4 | Style Wear | 1122 | | 2 385 | 5 725 | Dr |
| 9 | Socks n Socks | 1123 | | 5 600 | 125 | Dr |
| 16 | Niky Shoes | | 2 820 | | 2 945 | Dr |
| 22 | Utilities expense | 1124 | | 600 | 2 345 | Dr |
| 27 | Dance walker | | 1 200 | | 3 545 | Dr |
| 30 | Healthy Feet | | 590 | | 4 135 | Dr |

		Bank statement		
Date	Particulars	Withdrawal	Deposit	Balance
2022		\$	\$	\$
May	1 Balance b/d			9 495 Cr
	1 Cheque no. 1121	1 385		8 110 Cr
	10 Cheque no. 1122	2 385		5 725 Cr
	18 Cheque deposit		2 820	8 545 Cr
	20 Direct payment – Salaries	2 000		6 545 Cr
	24 Direct transfer – Premium Outlet		1 580	8 125 Cr
	25 Cheque no. 1124	600		7 525 Cr
	28 Cheque deposit		1 200	8 725 Cr
	30 Interest	70		8 655 Cr

(a) Prepare the adjusted cash at bank account for May 2022.

[5]

- (b) Prepare the bank reconciliation statement as at 31 May 2022.

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[3]

- (c) Explain **one** purpose of internal controls in a business.

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[1]

[Total: 9]

[Turn over]

- 2 Smart Enterprise started business on 1 August 2020 and purchased an office equipment costing \$50 000 on the same day. The business policy is to provide a full year's depreciation in the year of purchase. Its financial year ends on 31 July.

The following accumulated depreciation of office equipment account was provided.

Accumulated depreciation of office equipment account			
	DR	CR	Balance
	\$	\$	\$
2021			
Jul 31 Depreciation of office equipment		5 000	5 000 Cr
Aug 1 Balance b/d			5 000 Cr
2022			
Jul 31 Depreciation of office equipment		4 500	9 500 Cr
Aug 1 Balance b/d			9 500 Cr

REQUIRED

- (a) State the method used by Smart Enterprise to depreciate the office equipment.

[1]

- (b) Calculate the rate of depreciation used by Smart Enterprise to depreciate the office equipment.

[1]

- (c) State the **two** causes of depreciation.

[2]

- (d) Prepare an extract of the statement of financial position as at 31 July 2022 showing only the non-current assets section.

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..... [3]

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- (e) Explain the prudence theory.

..... [2]

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[Total: 9]

3 Sammy started a trading business.

During the first year ended 31 December 2021, the following transactions took place.

1. Rental of \$9 000 was paid by cheque on 1 May 2021. \$3 000 is outstanding for rental as at 31 December 2021.
2. Two cheques of \$5 000 each were received for commission on 1 June 2021 and 30 November 2021. Commission income earned for the year ended 31 December 2021 amounted to \$8 800.

REQUIRED

- (a) State the amounts to be included in the statement of financial performance for the year ended 31 December 2021 for the following items. Show workings where necessary.

- (i) Rental expense

..... [1]

- (ii) Commission income

..... [1]

- (b) Prepare the adjusting journal entries at 31 December 2021 for the following items.

- (i) Rental expense

Journal			
Date	Particulars	DR	CR
2021		\$	\$

Dec 31

[2]

- (ii) Commission income

Journal			
Date	Particulars	DR	CR

2021		\$	\$
Dec 31			

[2]

- (c) State the effect of **not** adjusting for the commission income in **(b)(ii)** on the profit for the period:

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[1]

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- (d) Explain the accrual basis of accounting.

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[2]

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[Total: 9]

- 4 Muthu operates as a plant seller with a financial year end of 31 December.
Muthu provided the following information for his business.

2021

Jan 10 Muthu took cash, \$500 for his own use.

Jun 20 Muthu took goods, \$100 for his own use.

Dec 30 Muthu used a business cheque, \$400 to pay for his home repairs expenses.

[Turn over

REQUIRED

- (a) Explain the meaning of drawings.

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[1]

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- (b) Prepare the drawings account for the year ended 31 December 2021, showing the closing to capital account.

Drawings account

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[4]

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- (c) State and explain the accounting theory applied when recording drawings for Muthu.

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..... [3]

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- (d) State the effect of owner's drawings on owner's equity.

[1]

On 1 January 2021, the capital account had a balance of \$25 000.

On 25 August 2021, Muthu contributed fixtures and fittings, \$2500 into the business.

For the year ended 31 December 2021, the business' total expenses exceeded total income by \$6500.

REQUIRED

- (e) Prepare the capital account for the year ended 31 December 2021.

Capital account

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[Total: 13]

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