

Candidate's name: _____ () Class: _____



Evergreen Secondary School
Preliminary Examination 2024

Principles of Accounts Paper 2
Secondary Four G3/Five

Date: 26 August 2024

Duration: 2 hours

Marks: 60

READ THESE INSTRUCTIONS FIRST

Write your name, index number and class on the spaces provided at the top of this page.

Write in dark blue or black pen.

You may use a HB pencil for any rough working.

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

The use of an approved calculator is allowed.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

Write all your answers in the spaces provided on the Question Paper.

Additional Materials: Insert

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

1 Refer to the Insert for data for Question 1.

(a) Prepare the statement of financial performance for the year ended 31 March 2024.

Statement of Financial Performance for the year ended 31 March 2024

This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for handwriting practice or general writing. There are no margins, text, or other markings on the page.

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[11]

Alan
Statement of Financial Position as at 31 March 2024

[illegible]

- | | 2022 | 2023 | 2024 |
|-------------------|--------|--------|--------|
| | \$ | \$ | \$ |
| Motor vehicles | 36 000 | 28 000 | 60 000 |
| Cash at bank | 48 000 | 25 900 | - |
| Trade receivables | 12 500 | 26 400 | 33 300 |
| Inventory | 15 000 | 23 600 | 50 000 |
| Prepaid expenses | - | - | 6 000 |
| Bank overdraft | - | - | 17 800 |
| Trade payables | 20 200 | 33 400 | 34 100 |
| Current ratio | 3.74 | ? | ? |
| Quick ratio | 3.00 | ? | ? |

(a) Calculate the current ratios and quick ratios for each of the two years ended 30 June 2023 and 2024. Show your answers to **two** decimal places.

[8]

- [6]

- [2]

7

- (d)** Name and explain with a relevant accounting theory why source documents are important in a business.

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[Total: 11]

- 4 Jerry runs a trading business with a financial year end of 31 July. The following ledger account has been prepared.

Sale of non-current asset account								
Date	Particulars				Dr	Cr	Balance	
2024					\$	\$	\$	
Jul 31	Equipment				30 000		30 000	Dr
	Accumulated depreciation					6 000	24 000	Dr
	Cash at bank					22 000	2 000	Dr
	(d) ?					2 000	-	

REQUIRED

- (a) State **two** causes of depreciation

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 [2]

- (b) State **two** accounting theories applied when accounting for depreciation.

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 [2]

- (c) State if there was a gain or loss on sale of non-current asset as at 31 July 2024.

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 [1]

- (d) State the account name for the transfer of gain or loss on sale of non-current asset.

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 [1]

	Equipment ABC	Equipment XYZ
Cost price	\$20 000	\$21 500
Delivery cost	\$2 800	\$500
Annual service cost	\$1 500	\$600
Capacity	able to pack 6 000 units per week	able to pack 2 000 units per week
Warranty	5 years	1 year
Availability	immediate delivery	delivery in 3 months
Reviews from customers	New equipment. No reviews from customers are available.	Positive feedback from 88% of customers who had purchased this equipment.

(e) Recommend whether Jerry's business should buy Equipment ABC or Equipment XYZ. Justify your decision with **three** reasons.

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