

SIR ARTHUR LEWIS COMMUNITY COLLEGE
Division of Technical Education and Management Studies

EXAMINATION SESSION : December 2004

TUTORS : Mrs. F. Beerom-Henry, Mr. N. B. Goolaman,
Ms. E. Louisy, Ms. U. Joseph. Ms. J. Charlemagne

PROGRAMME TITLE : Applied Arts – Business Administration
Applied Arts – Office Administration

PROGRAMME CODES : 3BS-ABA-AD, 3BS-AOA-AD

COURSE TITLE : Intermediate Financial Accounting – Paper II

COURSE CODE : ACC102

CLASSES : Year 1

DATE : Wednesday 6th December 2004

TIME : 9:00 a.m.

DURATION : 2 hour 30 minutes

ROOMS : HOS Rm 3

INVIGILATOR(S) : Mrs. F. Beerom-Henry, Ms. J. Charlemagne,
Ms. N. Goolaman, Ms. E. Louisy, Ms. U. Joseph,
Mr. W. Lamontagne, Ms. P. Pascal

#A15

INSTRUCTIONS

- This paper comprises seven (7) questions.
- You are required to answer ANY four (4) questions. Begin each question on a new sheet.
- Lending or borrowing is prohibited. All cell phone should be turned off and placed on your bag.



Question 1

The Hilliana's Social Club had the following balances in their books at 1 April 2002: Equipment \$25,000; Furniture \$10,000; Subscriptions owing \$1,200; Subscriptions in advance \$850.

The treasurer presented the following Receipts & Payments Account for the year ended 31 March 2003:

| RECEIPT | | PAYMENTS | |
|-----------------------|---------------|---------------------------|---------------|
| Balance b/d | \$25,700 | Purchase of New Equipment | \$5,000 |
| Subscriptions | 39,500 | Donation to charity | 2,000 |
| Sale of dance tickets | 8,600 | Purchase of T-Shirts | 5,600 |
| Sale of T-Shirts | <u>16,800</u> | Utilities Expenses | 3,400 |
| | | Wages | 16,500 |
| | | Balance c/d | <u>58,100</u> |
| | <u>90,600</u> | | <u>90,000</u> |

Additional Information at 31 March 2003:

1. Electricity accrued \$150; Subscriptions owing in respect of 2003, \$1,050 Subscriptions paid in advance in respect of 2004, \$750; Stock of T-Shirts amounted to \$650
2. Fixed Assets are to be depreciated at 10% of the balance at 31 March 2003.

You are required to prepare:

- (a) The Income & Expenditure Account for the Club for the year ended 31/3/03, and
- (b) The Balance Sheet at the same date.

Question 2

Cashima and Petra are in partnership and have the following agreement:

- i. Profits and losses are shared equally
- ii. Cashima is entitled to a salary of \$10,000 p.a. and Petra is entitled to \$15,000 p.a.
- iii. Partners are entitled to 10% interest on capital p.a.

The following balances are extracted from the books of the partnership at 30 June 2001: Land & Building (cost \$50,000); \$35,000; Furniture & Equipment (cost \$53,000): \$43,500; Debtors \$35,250; Provision for Doubtful Debts \$293; Creditors \$26,725; Bank Overdraft \$3,300; Petty Cash \$2,000; Stock, 30 June 2001, \$38,568; Loans from Cashima \$20,000; Capital: Cashima \$30,000, Petra \$20,000; Current Accounts: Cashima \$3,000 Cr, Petra \$2,000 Cr; Drawings: Cashima \$5,000, Petra \$4,000; Net Profit for the Year \$58,000.

You are required to prepare the following for the partnership:

- i. Profit & Loss, and Appropriation Account for the year ended 30 June 2001. (3)
- ii. The Schedule of Current Accounts for the Partners. (2)
- iii. The Balance Sheet for the partnership as at 30 June 2001, in vertical style. (10)

Question 3

The following information is taken from a diary kept by Ryan for his private business for the year ended 31 December 2002:

| | | |
|--------|---|----------|
| Jan 1 | Amount owed to Suppliers | \$28,672 |
| | Amount owed by Customers | 37,446 |
| Dec 31 | Total goods purchased on credit during the year | 192,400 |
| | Total goods sold on credit during the year | 315,642 |
| | Goods returned to credit suppliers | 10,400 |
| | Goods returned from credit customers | 15,650 |
| | Cheques paid to suppliers | 182,500 |
| | Petty Cash payments made to suppliers | 1,600 |
| | Receipts from credit customers | 298,475 |
| | Discounts given to credit customers | 5,000 |
| | Discounts received from credit suppliers | 8,250 |
| | Total Cash sales during the year | 60,750 |
| | Amount still owing to credit suppliers | 21,022 |
| | Amount still owed by credit customers | 38,963 |

Required:

- (a) Reconstruct the Accounts Payable and the Accounts Receivable Control Accounts to verify the balances of the credit suppliers and the credit customers accounts at December 31, 2002.

Question 4

Dick, Trick and Stick are partners sharing profits and losses in the ration #:2:1 respectively. Their balance Sheet was as follows:

**Dick, Trick & Stick
Balance Sheet as at 31/12/2000**

| | | | |
|--------------------------------|--------------|--------------|---------------|
| <u>Fixed Assets</u> | \$ | \$ | \$ |
| Premises | | | 11,750 |
| vehicles | | | <u>5,750</u> |
| | | | 17,500 |
| <u>Current Assets</u> | | | |
| Stock | | 2,750 | |
| Debtors | | 2,125 | |
| Bank | | <u>875</u> | |
| | | 5,750 | |
| <u>Current Liabilities</u> | | | |
| Creditors | 1,838 | | |
| Loans | <u>1,500</u> | <u>3,338</u> | <u>2,412</u> |
| | | | <u>19,912</u> |
| <u>Financed by</u> | | | |
| Capital : | Dick | | 10,000 |
| | Trick | | 7,500 |
| | Stick | | <u>2,412</u> |
| | | | <u>19,912</u> |

The partners decided to dissolve the partnership on 31 December 2000. The loan was repaid and the creditors were paid \$1,775 in full settlement of their accounts. Dick took over one of the vehicles at an agreed valuation of \$950 while the remaining assets realized the following amounts:

| | \$ |
|----------|--------|
| Premises | 13,000 |
| Vehicles | 2,375 |
| Stock | 2,000 |
| Debtors | 1,625 |

Dissolution costs were - \$190

REQUIRED:

- a) Realization Account (8 marks)
- b) Bank Account (4 marks)
- c) Partners' Capital Account (Columnar form) (3 marks)

[Total 15 marks]

Question 5

On January 01, 2001, D. Samuel of Castries St. Lucia consigned 100 souvenirs mugs to Herald Enterprises, Miami Florida, having the following payments:

| | |
|---------------------|---------|
| Cost of merchandise | \$1,500 |
| Carriage to port | 80 |
| Insurance | 40 |

Herald Enterprises is entitled to a commission of 5 per cent on sales, paid freight at a rate of \$3 per mug and port charges of \$90.

The agent sold 60 mugs at \$25 and 30 mugs at \$27.50, the balance remained in stock on March 31, 2001 Samuel's accounting year end.

On March 31, 2001 Herald Enterprises forwarded an Account Sales with a sight draft for the balance due.

REQUIRED:

- a) Prepare in good form, the Account Sales from Herald Enterprises. [5 marks]
- b) Prepare the Consignment Account as it would appear in the books of Samuel. [5 marks]

[Total 10 marks]

Question 6

The following data has been provided for BBC Ltd as on 31 December 2000.

| | \$ |
|--|--------|
| Issued Share Capital : \$1 Ordinary shares | 75,000 |
| Sales | 97,500 |
| Purchases | 48,380 |
| Stock (31.12.1999) | 41,415 |
| Machinery at cost | 45,000 |
| Motor Vehicle at cost | 28,000 |
| Provision for depreciation at 31.12.1999 | |
| Machinery | 18,000 |
| Motor Vehicles | 12,600 |
| Motor Expenses | 8,144 |
| Repairs to machinery | 2,308 |
| Sundry Expenses | 4,076 |
| Salaries and wages | 11,372 |
| Directors remuneration | 6,200 |
| Profit and loss account as at 31.12.1999 | 6,138 |

Question 7

Peter Philip
Balance Sheet as at 31 December 2004

| | 19X8 | 19X8 | 19X9 | 19X9 | | 19X8 | 19X8 | 19X9 | 19X9 |
|-----------------------------|-------------|---------------|--------------|---------------|------------------------------|---------------|---------------|---------------|--------|
| FIXED ASSETS: | | | | | | | | | |
| Building | 5000 | | 5000 | | Capital b/d 1 Jan | 15,500 | | 16,100 | |
| Fixtures less depreciation | 1800 | | 2000 | | Add New Cash introduced | - | | 2,500 | |
| Motor Van Less Depreciation | <u>2890</u> | | <u>5,470</u> | | Add Net Profit | <u>6,800</u> | | <u>7,900</u> | |
| Total Fixed Assets | | 9,690 | | 12,470 | | <u>22,300</u> | | <u>26,500</u> | |
| | | | | | Less Drawings | <u>6,200</u> | 16,100 | <u>7,800</u> | 18,700 |
| CURRENT ASSETS: | | | | | CURRENT LIABILITIES: | | | | |
| Stock | 3,000 | | 8,410 | | Creditors | 2,900 | | 2,040 | |
| Debtors | 4,860 | | 5,970 | | Bank Overdraft | <u>-</u> | | <u>1,260</u> | 3,300 |
| Bank | 3,100 | | - | | | | 2,900 | | |
| CAsh | <u>350</u> | <u>11,310</u> | <u>150</u> | <u>14,530</u> | LONG TERM LIABILITIES | | | | |
| | | | | | Loan | | <u>2,000</u> | <u>5,000</u> | |
| | | <u>21,000</u> | | <u>27,000</u> | | <u>21,000</u> | <u>21,000</u> | <u>27,000</u> | |

Fixtures Costing \$400 and a motor van costing \$4,000 were bought during 19X9. Draw up the cashflow statement for Peter Philip for the year ended 31 October 19X9.



General reserve 8,000

Additional information:

- i) Authorized share capital: 100,000 \$1.00 ordinary shares.
- ii) Stock at 31.12.2000 - \$54,300
- iii) Motor expenses owing - \$445.
- iv) Ordinary dividends proposed of 20 per cent.
- v) Transfer \$2,000 to general reserve.
- vi) Provide for depreciation of all fixed assets at 20 per cent reducing balance method.
- vii) Taxation for the year - \$8,050.

REQUIRED:

Prepare the Trading and Profit and Loss and Appropriation accounts for the year ended December 31, 2000.