

SIR ARTHUR LEWIS COMMUNITY COLLEGE
Division of Technical Education & management Studies

EXAMINATION SESSION : May 2005

TUTORS : Ms J. Charlemagne; Mr N. B. Goolaman,
Mr Moore (Campus B - VFSS)

PROGRAMME CODE(S) : 3ABS-AOA-AD; HOS

PROGRAMME TITLES : Business Studies Applied Arts:-
Office Administration
: Hospitality Studies Applied Arts:
Food & Beverage

COURSE TITLE : Introduction to Financial Accounting

COURSE CODE : ACC101

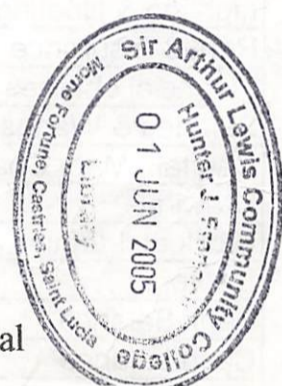
DATE : Wednesday, May 4th, 2005

COMMENCEMENT TIME : 9:00 P.M.

DURATION : 3 hour

INVIGILATOR(S) : Mrs L Joseph; Ms L Phillips;
Mr W Lamontagne; Ms P Pascal

ROOMS : TRT R3; HOS R2



#A21

PAPER II: Problem-Type

INSTRUCTIONS

This paper contains SEVEN (7) problem-type. You are required to answer ANY FIVE (5) questions.

You are permitted to use electronic calculators.

Lending or borrowing is strictly prohibited during the examination

Do not waste undue time on any one question.



PAPER II

Section I

You are required to answer either Question 1 OR Question 2 (not both) from this section.

Question 1 (30 marks)

You are provided with the following Balances from the books of Mary Charlton on 31 December, 2004:

PL Sales		455624
PL Purchases	198500	
PL Returns	3650	4890
PL Carriage-In	6985	
PL Carriage-Out	8496	
BS Premises	125420	
Accumulated Depreciation, Premises		15800
Furniture & Fittings	35600	
Accumulated Depreciation, F/F		7120
Postage & Stationery	6275	
Lighting & Heating	12540	
✓ Rent & Insurance	24650	
Financial charges	550	
Salaries & Wages	35800	
Capital: Mary Charlton at start		60000
Drawings	12000	
✓ Stock at 1 January 2004	55188	
✓ Debtors	38500	
✓ Bank Balance	22560	
✓ Cash balance	5000	
Mortgage		47680
Provision for Bad Debts		600
	591714	591714

Additional Information:

Stock at 31 December 2004 \$62,450

Wages due but not yet paid, \$695

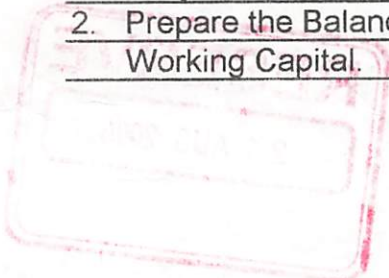
Prepaid Rent, \$2400

Increase the provision for Bad debts to 3% of the debtors Balance. 11.55

Depreciation is provided for at a rate of 10% of the cost of fixed assets

Required:

- From the information given above, prepare the Trading, Profit & Loss A/c for Mary Charlton for the year ended December 31, 2004
- Prepare the Balance Sheet as at 31 December, 2004 in vertical style showing the Working Capital.



Section II

There are SEVEN (7) questions in this Section. You are required to answer any FIVE (5) questions from this section. Each question is worth 14 marks.

Question 3

2003

Aug 1 Purchases Ledger Balance	\$ 28,375	Sales Ledger Balance	\$ 43,950
Totals for the month of August:			
Purchases Journal	\$198,750	Sales Journal	245,480
Returns Outwards Journal	5,800	Returns Inwards Journal	8,250
Cheques paid	186,370	Cheques Received	220,420
Discounts received	5,500	Discounts Allowed	4,260
		Bad Debts Written off	600

Required:

Prepare the Purchases Ledger Control A/c and the Sales Ledger Control A/c using the above information.

Question 4

A, B and C formed a partnership contributing \$30,000, \$50,000 and \$40,000 capital respectively. Their Partnership Deeds contain the following clauses:

- (i) Profits and losses are shared ratio of 3:2:1 respectively.
- (ii) They are entitled to salaries as follows: A: \$11,000; B: \$12,500; C: \$15,000
- (iii) They are to pay 12% interest on their drawings;
- (iv) Each partner is to receive 10% interest on his capital contributed.

Their net Profit for the year ended 31 December 2002 was \$88,340, and their drawings were as follows: A: \$6,000; B: \$4,000; C: \$8,000.

Prepare the Profit/(Loss) Appropriation for A, B and C for the year ended 31 December 2002.

Question 5

Cougar Enterprises started a juice extracting business on August 1, 1998 with a policy to depreciate its Juice extractors at 10 % per annum using a straight line method. Machines are depreciated for a full year only if used for 6 months or more of that year. No depreciation is taken on machines used for less than 6 months for the year. The following are the details of transactions involving juice

extractors:

Aug 1, 1998:	bought Machine 1, costing \$3,000.
Aug 1, 1999	bought Machine II for \$5,000
Aug 1, 2000	bought Machine III for 8,000,
Nov 1, 2001	sold Machine I for \$1,900

Show the following accounts:

- (i) Office Machines at 31 July 2002
- (ii) Provision For Depreciation on Juice Extractors at 31 July 2002
- (iii) Assets Disposal Account for the sale of the Juice extractor.

Question 6

WOW Enterprises has extended her business by adding a Shoe Department to the already existing Jewelry Department and Cosmetics Department. The following are the account balances extracted from the books of the business at 31 August 2002:

	Jewelry	Cosmetics	Shoe
Sales	216,000	90,000	54,000
Stocks at 1 Sept 2001:	55,200	24,350	15,560
Purchases	121,440	35,750	42,100
Wages of store assistants	9,200	7,200	8,400

Expenses to be apportioned:

Advertising & Promotion	6,000
General Office Salaries	15,000
Lighting & Air Conditioning	5,400
Repairs to Premises	3,600
Insurance	2,700
Telephone	900
General Office Expenses	4,500

Additional Information:

1. Stocks at 31 August 2002: Jewelry 66,700; Cosmetics \$28,225; Shoes \$25,160
2. Expenses are apportioned to the departments as follows:
 - (a) Lighting & Air Conditioning, repairs to Premises, Insurance, and Telephone in the ratio of 4: 3: 2
 - (1) General Office Salaries, General Office Expenses, Advertising and Promotion expenses in the ratio of turnover (sales)

Required:

Prepare the Departmental Account for WOW Enterprises for the year ended 31 August 2002. Note that the balance sheet is not required. Use the form provided.

Question 7

Al Pass was preparing the Bank Reconciliation Statement for a client's business for the month of March when he discovered the following:

On March 31, the Balance of the Bank Account in the General Ledger showed a debit balance of \$12,575, and the Balance on the Bank Statement was \$3,540 (overdrawn)

The following matters were discovered when the Bank statement and Cash Book entries were examined:

1. Lodgments totaling \$28,930 have not been credited by the bank.
2. The bank had debited the client's personal cheque of \$750 against his business bank account.
3. Cheques totaling \$13,135 had not yet been cleared by the bank.
4. A customer's payment of \$4,200 paid directly into the clients bank account had not been recorded into the clients cash book.
5. Standing Orders to the total of \$3,220 had been processed by the bank, but not entered into the client's cash book
6. Bank charges of \$550 processed by the bank had not been entered into the client's Cash Book.

- (a) Determine the Revised Bank Balance as per Cash book and
- (b) Prepare the Bank Reconciliation Statement.

Question 8.

You are the Petty Cashier of ECEL (St Lucia) Ltd. and you are given an Imprest of \$500.00. You made the following payments during the week ending April 22, 2005:

- | | | |
|-------|-----|--|
| April | 14 | Paid M & C Ltd. \$25.00 for Office Supplies, PCV No. 121. |
| | 15 | Paid Book Salon \$37.75 for Stationery, PCV No 122 |
| | 18 | Paid Courtesy Taxi \$30.00 for taxi, PCV No 123 |
| | 19 | Paid Roger Burns \$48.40 for the following: Office Supplies \$25.00; Photocopies \$10.00; and the rest for Stationery, PCV No 124 |
| | 20 | Paid Albert Jones \$20.00 for Cleaning the Office, \$12.50 for Cleaning Supplies, PCV No 125. |
| | 22. | Paid Al Donner \$85.00 for painting an advertising sign (PCV126), \$10.00 for taxi to transport the sign and \$25.00 to install the sign (PCV127). |

Prepare a Petty Cash Analysis Book for the replenishment of the petty Cash Imprest. Close off the Petty Cash Analysis Book properly.

Question 9

You are provided with the following information from the books of Joy and Peace Partnership at 31 March 2005:

Capitals: Joy \$40,000; Peace \$60,000

Current Account Balances: Joy \$2,500; Peace \$3,000

Land & buildings: \$125,000; Provision for Depreciation on Buildings \$25,000

Furniture & Equipment \$48,000; Provision for Depreciation on Furniture & Equipment \$22,000;

Debtors \$35,600; Prepayments \$2,400; Bank Balance \$36,500; Petty cash \$2,000

Business Loan \$50,000; Creditors \$47,000.

Required:

Prepare the Balance Sheet for Joy & Peace as at 31st March 2005 in vertical style.

