

**SIR ARTHUR LEWIS COMMUNITY COLLEGE
ACADEMIC YEAR (2024/2025) - SEMESTER TWO
END OF SEMESTER EXAMINATION
ALTERNATE**

COURSE CODE : ACC113
COURSE TITLE : PRINCIPLES OF FINANCIAL
ACCOUNTING I
LECTURER(S) : F. M-CLOVIS, H. MALCOLM,
U. JOSEPH, M. POPO
DATE :
TIME :
DURATION : 1 ½ HRS
STUDENT ID # : _____

GENERAL INFORMATION AND INSTRUCTIONS

- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.

- Read **all** questions and instructions carefully.
- This examination contains **TWO (2) sections**.

Section I

- Compulsory question- students are required to do THIS complete question. **25 marks**

Section II

- There are **two (2)** questions in this section. Students are required to answer **any one complete** question. Each question is worth **20 marks**.
- Borrowing or lending is **prohibited**. **All cell phones must be turned off and placed in bags at front of room.**
- **Remove all calculator covers and place in bags at front of room.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

SECTION I (COMPULSORY)

Instruction: Answer this complete question.

QUESTION 1

The following represents the account balances for Jecko Ltd for year ended May 31, 2025.

ACCOUNT TITLES	BALANCES
	\$
Bank	18, 000
Cash	12 600
Equipment	28 000
Supplies	13 300
Vehicles	25,000
Building	129000
Insurance	21 000
Furniture	36,000
Accounts payable	56 900
Accounts Receivable	20 000
Unearned revenue	38 400
Salaries	64,000
Purchases	28 000
Loan	110 600
Common stock	139 000
Bad debts	3 000
Revenue	95 000
Vehicle maintenance expense	20 600
Utilities expense	21 400

Additional Information:

1. Closing Inventory on May 31, 2025 was \$ 10 000.
2. \$12 000 of unearned revenue is now earned.
3. The vehicles depreciated by 18% and the equipment by 16% on cost.
4. \$5 000 was paid towards the loan by cheque.
5. Expenses owed: Salaries \$3 000; vehicle maintenance \$1 500
6. Expenses prepaid: Insurance \$2 000
7. The Accounts Payable were paid a cheque \$20 000.

Required: Use the information above to prepare the worksheet on the form provided for Jecko Ltd.

25 marks

**JECKO LTD
WORKSHEET**

ACCOUNT TITLES	UNADJUSTED TRIAL BALANCE		ADJUSTMENTS		ADJUSTED TRIAL BALANCE		PROFIT AND LOSS ACCOUNT		BALANCE SHEET	
	DR (\$)	CR (\$)	DR (\$)	CR (\$)	DR (\$)	CR (\$)	DR (\$)	CR (\$)	DR (\$)	CR (\$)
BANK										
CASH										
EQUIPMENT										
SUPPLIES										
VEHICLE										
BUILDING										
FURNITURE										
ACCOUNTS PAYBLE										
ACCOUNTS RECEIVABLE										
UNEARNED REVENUE										
SALARIES										
PURCHASES										
LOAN										
COMMON STOCKS										
BAD DEBTS										
REVENUE										
VEHICLE MAINTENANCE EXPENSE										
UTILITIES EXPENSE										

SECTION II

Instruction: Answer ANY one complete question.

QUESTION 2

i. State whether each transaction below is TRUE or FALSE.

1. Adjusting entries for accrued expenses are necessary when expenses have been incurred and paid or recorded.
2. If no adjusting entry is made for accrued wages, both liabilities and expenses will be understated.
3. An adjusting entry for supplies expense is needed when the amount of supplies on hand at the end of the period is less than the amount initially recorded.
4. The purpose of adjusting entries is to ensure that the financial statements adhere to the matching principle and revenue recognition principle.
5. Adjusting entries for unearned revenues result in an increase in liabilities and an increase in revenue.
6. Adjusting entries do not affect the cash account.
7. Adjusting entries are typically made after preparing the unadjusted trial balance.
8. Accrued interest revenue requires an adjusting entry to recognize interest not yet earned and received.
9. An expense paid in advance is called a deferred expense.
10. Accrued revenues are liabilities.

10 marks

ii. Record journal entries for the following transactions of Mason Suppliers.

- Sep. 8: Purchased 50 deluxe hammers at a cost of \$95 each from a manufacturer. Credit terms are 5/20, n/60, invoice date September 8.
- Sep. 12: Mason Suppliers returned 8 hammers for a full refund.
- Sep. 16: Mason Suppliers found 4 defective hammers, but kept the merchandise for an allowance of \$250.
- Sep. 28: Mason Suppliers paid their account in full with cash.

15 marks

QUESTION 3

i. Explain two reasons why liquidity ratios are important in assessing a company's financial health. **4 marks**

ii.

1. The perpetual inventory method is suitable for both small and large businesses, especially those with a high volume of transactions.
2. A physical inventory count is often necessary to verify the accuracy of inventory records, even with the perpetual inventory method.
3. The periodic inventory method can result in discrepancies between actual inventory levels and recorded amounts.
4. The periodic inventory method does not allow for easier detection of inventory discrepancies compared to the perpetual inventory method.
5. The perpetual inventory method can help reduce stockouts and overstock situations.
6. The periodic inventory method does not allow for easier detection of inventory discrepancies compared to the perpetual inventory method.
7. With a periodic inventory system, inventory records are updated only at the end of the accounting period.
8. A perpetual inventory system requires less record-keeping than a periodic inventory system.
9. A periodic inventory system does not require a detailed record of inventory items.
10. The perpetual inventory system has no mechanism for identifying inventory theft or pilferage.

10 marks

iii.

The following Adjusted Trial Balance is given for Bee Ltd at March 31st, 2025.

Account	\$
cash	23 900
Prepaid rent	28 550
Machinery	45 000
Salaries payable	41 000
Common stock	26 000

Retained earnings	50 000
Dividends	22 000
Sales revenue	175 000
Insurance expense	26 500
Electricity expense	21 000
Supplies expense	123 500
Depreciation expense	1 550

Required:

Prepare the closing entries in the Journal.

11 marks

END OF EXAMINATION