

**SIR ARTHUR LEWIS COMMUNITY COLLEGE**  
**DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES**

**EXAMINATION** : December 2009 Supplemental Examination

**TUTORS** : U. Joseph, E. Louisy, L.Olliviere, N. Goolaman,  
S. Auguste

**PROGRAMME CODE(S)** : ABA-AD

**PROGRAMME TITLES** : Applied Arts – Business Administration

**COURSE TITLE** : Introduction to Financial Accounting

**COURSE CODE** : ACC 101

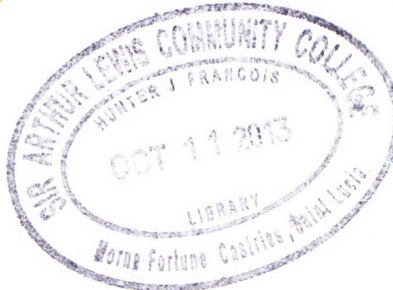
**DATE** : December , 2009

**COMMENCEMENT TIME** :

**DURATON** : **Three (3) hrs**

**INVIGILATOR(S)** :

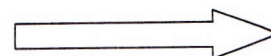
**ROOM(S)** : CEHI



**INSTRUCTIONS**

- **Candidates are to read all instructions and questions carefully.**
- This paper carries **Two (2)** sections.
  - **Section I – Compulsory question worth 40 marks total.**
  - **Section II – Optional questions.**  
Candidates are required to answer **any three** questions from this section. **Each question is worth 20 marks.**
- Candidates are provided with necessary **accounts forms**.
- Begin **each response** on a **FRESH SHEET OF PAPER**
- At end of examination candidates are to **arrange their answers in chronological order** before submitting them to the invigilator.
- Use of silent electronic calculators is permitted.
- **Borrowing or lending is STRICTLY PROHIBITED.**

**DO NOT TURN THIS PAGE UNLESS YOU ARE INSTRUCTED TO DO SO**



**SECTION I – COMPULSORY QUESTION**

**INSTRUCTIONS:** All candidates are required to complete this question.

**Question 1**

**Frost, Greg and Ali** share profits and Losses in the ratio 2:4:2. The following represents their Trial Balance on December 31, 2008:

	\$	\$
Purchases and Sales .....	120,510	203,758
Returns In and Out .....	1,530	490
Carriage Inwards .....	1,025	
Carriage Outwards .....	1,814	
Commissions Received .....		7,405
Discount Allowed and Received .....	1,480	2,175
Faxes and Telephone Expense .....	3,582	
Electricity Expense .....	2,460	
Rates and Taxes .....	4,256	
Insurance Expense .....	806	
Miscellaneous Expenses .....	13,829	
Salaries .....	135,912	
Stock (Jan 1, 2007) .....	26,744	
Provisions for Bad Debts .....		3,000
Bank Overdraft .....		7,100
Motor Vehicles at cost .....	52,500	
Machinery at cost .....	45,100	
Furniture and Fittings at cost .....	53,000	
Premises at cost .....	135,000	
Provision for Depreciation:		
Motor Vehicles .....		7,500
Machinery .....		2,280
Furniture and Fittings .....		2,200
Debtors and Creditors .....	28,000	25,640
<b>Current Accounts:</b>		
Frost .....		5,000
Greg .....		11,000
Ali .....		15,000
<b>Capital Accounts:</b>		
Frost .....		100,000
Greg .....		92,000
Ali .....		150,000
<b>Drawings:</b>		
Frost .....	4,000	
Greg .....	2,000	
Ali .....	1,000	
	\$634,548	\$634,548
	=====	=====

**Notes:**

- i) Stock (Dec 31, 2008) - \$5,175
- ii) \$600 was prepaid for Rates; Insurance prepaid - \$100
- iii) Outstanding payments: Taxes \$500; Electricity \$2,000
- iii) Provisions for Bad Debts is to be changed to 10% of debtors
- iv) Commissions Received in advance - \$250
- v) Depreciate fixed assets as follows:
  - Motor Vehicles at 15%, straight line method
  - Machinery at 10%, reducing balance method
  - Furniture and Fittings, at 5% of cost
- vi) Interest on Drawings: Frost-\$150; Greg-\$225; Ali-\$75
- vii) Each partner is to be paid 15% Interest on Capital
- viii) Salaries are to be paid to Greg \$5,000 and Ali \$3,000

**REQUIRED:**

(A) In vertical style, prepare the **Income Statement, Profit and Loss Appropriation Account** for the year ended December 31, 2008. **(20 Marks)**

(B) In vertical style, prepare:



- (i) columnar **Current Accounts** of the partners ( 6 Marks)  
(ii) classified **Balance Sheet** for the partnership, as at December 31, 2008.(14 Marks)  
**[40 MARKS TOTAL]**

**SECTION II – OPTIONAL QUESTIONS**

**INSTRUCTIONS:** Answer **any Three** questions from this section.

**Each question is worth 20 marks.**

2. Mr. Smith operates a hardware store in the town of Gros Islet. The business has TWO main departments: Electrical Supplies and Plumbing Supplies.

The following were extracted from his books for the year ending 31<sup>st</sup> Dec 2009

a) Stock for Jan 1, 2009	Electrical	120,000	
	Plumbing	45,000	
b) Purchases	Electrical	350,000	
	Plumbing	250,000	
c) Sales	Electrical		490,000
	Plumbing		350,000
d) Expenses: Wages	Electrical	25,000	
	Plumbing	20,000	
e) <u>Other expenses:</u>			
Carriage outwards		6,000	
Heating and lighting		2,400	
Rent of premises		30,000	
Discount allowed		2,400	
Sales commissions		12,000	
Depreciation		7,500	

Departmental floor area occupied by: Electrical 60% ; Plumbing 40%

Additional information:

1. Stock at 31 Dec 2009 – Electrical \$ 132,000 and Plumbing- \$65,000.
2. Carriage outwards and discount allowed are to be apportioned on the basis of departmental sales.
3. Fixtures and fittings at cost are: Electrical 4/5 and Plumbing 1/5
4. Rent, Heating and Lighting are to be shared in the ratio of department floors.

Sales commission to be apportioned in the ratio of the turnover of each department.

**REQUIRED:**

Prepare the **Departmental Trading and Profit and Loss Account** (in good style) for the year to December 31, 2009. **[20 MARKS TOTAL]**

3. Dona's Sewing Supplies provides customer with various accessories such as ribbons, threads, needles etc. The following are the business' cash book and bank statement for the month of June 2009.

**CASH BOOK**

2009			2009		
Jun 1	Bal b/d	2,392.50	Jun 3	S.Alex	542.50 ✓
8	G.Thomas	216.30 ✓	4	WASA	260.90
15	K.Daniel	596.43 ✓	6	CLICO	85.00 ✓
19	Sales	853.50 ✓	10	Johnson Ltd	275.20 ✓
20	J.Silver	150.20	15	F.Wilson	100.20 ✓
26	Sales	900.00	21	R.Smith	160.00
			30	Bal c/d	<u>3,685.13</u>
		<u>5,108.93</u>			<u>5,108.93</u>
2009			2009		
July 1	bal b/d	3,685.13			

**BANK STATEMENT**

Date	Details	Dr	Cr	Balance
June 1	Balance b/d			2,392.50
10	Cheque ( Thomas)		216.30 ✓	2,608.80
13	S.Alex	542.50 ✓		2,066.30
17	Cheque ( Daniel)		596.43 ✓	2,662.73
18	CLICO	85.00 ✓		2,577.73
21	Johnson	275.20 ✓		2,302.53
25	Sundries		853.50 ✓	3,156.03
26	Credit transfer –Morris		245.00	3,401.03
28	F.Wilson	100.20 ✓		3,300.83
30	Dividend received		700.00	4,000.83
30	Standing order	250.00		3,750.83
31	Bank charges	20.50		3,730.33

**Required:**

- (A) Prepare a revised or updated cash book to show the up to date bank balance as at July 1<sup>st</sup> 2008. (10 Marks)
- (B) Beginning with the updated cash book balance, prepare the bank's reconciliation statement for Dona's Sewing Supplies as at July 1st 2008. (10 Marks)

4. B Brown the owner of Brown Co Ltd has asked his accounts clerk to enter the following transactions in a three column cash book.

2009	
Aug 1	Balances b/d Cash \$ 5,600 and Bank \$ 7,000
Aug 3	Paid electricity by cheque \$ 200
Aug 4	Cash sales \$ 500
Aug 10	The following paid their account by cash, in each case deducting 5% cash discount, L. Moore \$ 300, K. Jack \$ 640, S. Small \$ 105 and B. King \$ 280
Aug 12	B. Brown, the owner took \$ 400 cash for personal use.
Aug 13	Paid the following by cheque L. Bane \$ 120 less \$ 6 cash discount P. Mark \$ 360 less \$ 15 cash discount, Q . Prince \$ 1,000 less \$70 cash discount
Aug 15	Paid rent using cash \$ 275
Aug 17	The business paid the following by cash, in each case deducting 5% cash discount, Roberts \$ 820, T.Todd \$ 560, F Sand \$ 480, J Khan \$ 620.
Aug 19	The following paid the business by cheque: R Todd \$ 500 less \$ 45 discount, A Peter \$700 less \$60 discount, L.Dan \$ 200 less \$15 discount.
Aug 20	Cash withdrawn from the bank for business use \$ 700.
Aug 21	Sold equipment and received cash \$ 595.
Aug 23	Cash purchases \$ 1,000.
Aug 30	Sold a van receiving a cheque of \$ 2,100.

**Required:**

- a) Write up and balance off the cash book at the end of the month, Aug 30, 2009  
(14 Marks)
- b) Write up the discount accounts in the general ledger.  
(6 Marks)

5. The following data relates to T **Griffith** who keeps a Sales-Ledger Control Account and Purchases-Ledger Control Account.

Balances at May 1, 2009:

Sales-Ledger Control Account		\$ 21 500
Purchases-Ledger Control Account		\$ 16 240
		\$
Sales on credit .....		44 000
Receipts from trade debtors .....		25 000
Sales returns .....		550
Purchases on credit .....		70 900
Payments to creditors .....		33 100
Discounts Allowed .....		95
Discounts Received .....		1000
Bad debts .....		990
Dishonoured Cheques .....		1 100
Purchases Returns .....		700
Credit balance remaining on the Sales Ledger .....		450
Debit balance remaining on the Purchases Ledger .....		590

**REQUIRED:**

- (A) Prepare the **Sales Ledger Control Account** for the month of May 2009. (8 marks)
- (B) Prepare the **Purchases Ledger Control Account** for the month of May 2009. (6 marks)
- (C) List each item above under the **subsidiary book from which the information originates**, for posting to the Control Accounts. (4 marks)
- (D) Identify two (2) **uses** of the Sales Ledger Control Account. (2 marks)

**[20 MARKS TOTAL]**



