

SIR AURTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES

EXAMINATION SESSION	:	April 2011, Final Examination
TUTORS	:	Mr. S Auguste, Mr. N Goolaman, Ms U Joseph
PROGRAMME TITLE	:	Business Studies – Applied Arts, Diploma Management Studies – Applied Arts
PROGRAMME CODE	:	3BS-ABA-AD
COURSE TITLE	:	Intermediate Financial Accounting
COURSE CODE	:	ACC 102
CLASS (ES)	:	Year 1
DATE	:	10 th May, 2011
TIME	:	9:00 am
DURATION	:	2 ½ hrs
ROOM (S)	:	CEHI-1R-02, CEHI-0R-01, CEHI-0R-03
INVIGILATOR (S)	:	S. Glasglow, A. Plummer, F. Joseph, J. Matthew, C. Gedeon, A. Reid, A. Carrazana, D. P-Alfred

#A51

**INSTRUCTIONS**1. SECTION I (*COMPULSORY*)Answer **BOTH** questions in this section.2. SECTION II (*OPTIONAL*)Answer any **two (2)** complete questions in this section.

3. Begin each question on a new foolscap page.

4. Borrowing or lending is **prohibited**.

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SECTION I - COMPULSORY

INSTRUCTION: Answer **BOTH** questions in this section.

Question 1

The following are comparative Balance Sheets of Okras Ltd for the year ended 31 December:

	2009		2010	
<u>Fixed Assets</u>	\$	\$	\$	\$
Fixed Assets at cost		10,125		13,500
less Provision for depreciation		<u>4,050</u>	6,075	<u>5,285</u>
				8,215
<u>Current Assets</u>				
Stock		3,290		4,050
Debtors	1,450		1,150	
less Provision for Bad Debts	<u>75</u>	1,375	<u>115</u>	1,035
Cash at bank		<u>2,005</u>		<u>470</u>
		6,670		5,555
<u>Current Liabilities</u>				
Creditors	2,112		410	
Proposed dividends	1,000		1,500	
Taxation	<u>995</u>	<u>4,107</u>	<u>2,563</u>	<u>3,110</u>
		8,638	<u>1,200</u>	<u>2,445</u>
		=====		10,660
<u>Financed by</u>				
Issued share capital		3,000		4,224
General reserve		3,000		4,200
P & L a/c		<u>2,638</u>		<u>2,236</u>
		8,638		10,660
		=====		=====

Other data:

- i. Taxation for the year to 31/12/2010 - \$1,200.
- ii. Interim dividend paid during the year - \$1,500.
- iii) Transfers to general reserves - \$1,200.
- iv) No fixed assets were sold during the year 2010.

REQUIRED:

Prepare a Statement of Cash Flow for the year ended 31 December 2010.

(15 marks)

Question 2

Dick, Trick and Stick are partners sharing profits and losses in the ratio 4: 1: 3 respectively. Their Balance Sheet was as follows:

**Dick, Trick & Stick
Balance Sheet as at 31/12/2010**

<u>Non-Current Assets</u>	\$	\$	\$
Premises			11,750
Vehicles			<u>5,750</u>
			17,500
<u>Current Assets</u>			
Inventory		2,750	
Accounts Receivables		2,125	
Bank		<u>875</u>	
		5,750	
<u>Current Liabilities</u>			
Accounts Payables	1,838		
Loan	<u>1,500</u>	<u>3,338</u>	<u>2,412</u>
			19,912
			=====
<u>Financed by</u>			
Capital:	Dick		10,000
	Trick		7,500
	Stick		<u>2,412</u>
			19,912
			=====

The partners decided to dissolve the partnership on 31 December 2010. The loan was repaid and the accounts payables were paid \$1,500 in full settlement of their accounts. Dick took over one of the vehicles at an agreed valuation of \$1 050 while the remaining assets realised the following amounts:

	\$
Premises	23,000
Vehicles	3,775
Inventory	2,000
Accounts Receivables	2,000

Dissolution costs were - \$550.

REQUIRED:

- a) Realization account.
((8 marks)
- b) Bank account
(4 marks)
- c) Partners' Capital account (columnar form)
(3 marks)

[Total 15 marks]

SECTION II

INSTRUCTION: Answer **any two (2)** complete questions in this section.

Question 3

A small company Paco Ltd was formed to take over the business of a manufacturing firm Xtron. The company has an authorized capital of 100,000 - \$0.50 ordinary shares. All shares were issued and fully paid, including a premium of \$0.10 per share.

The company took over the assets and liabilities of Xtron with effect from April 01, 2010 paying immediately a purchase price of \$85,000. The tangible assets taken over were valued as follows:

	\$
Premises	30,000
Plant and Machinery	15,000
Vehicles	13,000
Stock	3,170
Debtors	2,400

The liabilities taken over amounted to \$50,000.

The company immediately bought new machinery costing \$30,000. One half of this cost was paid immediately, the remainder would be paid during July 2010.

Additional inventory were bought on credit for \$5,400.

REQUIRED:

Prepare the opening Balance Sheet of Paco Ltd as at April 01, 2010.

(10 marks)

Question 4

The following data has been provided for BBC Ltd as on 31 December 2010.

	\$
Issued Share Capital: \$1 ordinary shares	75,000
Sales	97,500
Purchases	48,380
Inventory (31. 12. 2009)	41,415
Machinery at cost	45,000
Motor Vehicles at cost	28,000
Provision for depreciation at 31. 12. 2010:	
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. 2010	6,138
General reserve	8,000

Additional information:

- i) Authorized share capital: 100,000 \$1.00 ordinary shares.
- ii) Inventory at 31. 12. 2010 - \$60,300.
- iii) Motor expenses owing - \$610.
- iv) Ordinary dividends proposed of 15 per cent.
- v) Transfer \$2,000 to general reserve.
- vi) Provide for depreciation of **all** fixed assets at 20 per cent on cost.
- vii) Directors' remuneration owed - \$1,050.

REQUIRED:

Prepare the (i) income statement and (ii) statement of changes in equity for the period. **(10 marks)**

Question 5

Mr Peter Lee is a retailer, but despite professional advice, he fails to maintain a full accounting system.

You have been presented with the following details of transactions for the year ended December 31, 2009.

- i) The sales are mostly on a credit basis. \$20,000 has been received, \$19,000 by cheque and \$1,000 by cash from customers.
- ii) Amounts paid to suppliers by cheque during the year totalled \$14,000.
- iii) Expenses paid during the year were as follows:

	By cheque		By Cash
	\$		\$
Rent	400	Rent	100
Sundry expenses	360		

- iv) Mr All took \$10 cash drawings per week for 52 weeks.

- v) Other available data:

	at 31.12.2008	at 31.12.2009
	\$	\$
Office Equipment	1,600	1,440
Trade Creditors	800	1,300
Trade Debtors	2,200	2,640
Accrued rent	-	100
Cash at bank	2,260	?
Cash in hand	160	?
Stock	3,180	3,400

REQUIRED:

- a) A summary of the business Cash Book for the year ended 31.12.2009. **(4 marks)**
- b) A business trading and profit and loss account for the year ended 31.12.2009. **(6 marks)**

(Total 10 marks)

Question 6

On January 01, 2011, R. Rogers of Castries St Lucia consigned 200 souvenir mugs to Blue Enterprises, Miami Florida, having made the following payments:

Cost of merchandise	\$2,500
Carriage to port	100
Insurance	50

Blue Enterprises is entitled to a commission of 5 per cent on sales, paid freight at a rate of \$2 per mug and port charges of \$150.

The agent sold 175 mugs at \$20 and 10 mugs at \$15, the balance remained in stock on March 31, 2011, Roger's accounting year end.

On March 31, 2011 Blue Enterprises forwarded an Account Sales with a sight draft for the balance due.

REQUIRED:

- a) Prepare in good form, the Account Sales from Blue Enterprises.
- b) Prepare the Consignment account, as it would appear in the books of Rogers.

(5 marks)

(5 marks)

[Total 10 marks]

Question 7

The following is a summary of the receipts and payments of the Down Town Youth Club during the year ended September 30, 2009.

Receipts	\$
Sale of annual dinner tickets	990
Members subscriptions	4,388
Donations	150

Payments	
Secretary's expenses	224
Rent	1,300
Purchase of office equipment	870
Donations to charities	87
Sundry expenses	559
Expenses of annual dinner	1,213
Electricity	446
Stationery and printing	320

Other available data:

	as at 30.9.2008	as at 30.9.2009
	\$	\$
Cash/Bank	1,247	1,756
Subscriptions in arrears	150	90
Subscriptions in advance	75	35
Stocks of stationery	67	83
Electricity accrued	110	83
Sundry expenses prepaid	150	-
Office Equipment (cost \$2,500)	2,000	1,500

No office equipment was sold during the year. Depreciation is at 10 per cent p.a. straight-line method.

REQUIRED:

Prepare an Income and Expenditure account for the year ended September 30, 2009. **(10 marks)**

Question 8

Avian, Tamara and Tina entered into a joint venture dealing in ladies lingerie sharing profits and losses 4:2:2. The following transactions took place over the duration of the joint venture.

2010

- Aug 1 Tamara rented a shop paying rent of \$150.
- 3 Avian bought motor van for \$2,700.
- 4 Avian bought lingerie for \$650.
- 14 Tina received cash from sale proceeds of lingerie \$3,790.
- 27 Tamara bought lingerie for \$1,200.
- Sept 10 Motor van broke down; Tina agreed to use her brother's van for the job, until cessation of the joint venture, at an agreed charge of \$400.
- 15 Motor van bought on August 3 was sold for \$2,100. Proceeds were kept by Tamara.
- 15 Sale of lingerie, cash being kept by Avian \$780.
- 18 Electricity bill for shop paid by Tina \$120.
- 27 Tina bought lingerie for \$440.
- Oct 7 Miscellaneous expenses of shop paid for \$800, Tina and Tamara paying half each.
- Oct 21 Lingerie sold by Tina \$990, proceeds being kept by her.
- 31 Joint venture ended. The lingerie still in stock was taken over at an agreed valuation of \$2,100 by Tamara. Parties settled outstanding balances.

Required:

The **Joint Venture** accounts in the books of each of the three parties. Show in full the workings needed to arrive at the profit or loss on the venture.

[Total 10 marks]

END OF EXAMINATION