

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

**EXAMINATION** : May 2017 Final Examination (Alternate)  
**TUTORS** : D. Joseph  
**PROGRAMME CODE(S)** : ABA-AD  
**PROGRAMME TITLES** : Applied Arts – Business Administration #Abb  
**COURSE TITLE** : Financial AccountingI  
**COURSE CODE** : ACC 101  
**DATE** : Monday 3<sup>rd</sup> July, 2017  
**COMMENCEMENT TIME** : 1:00 pm.  
**DURATON** : Two (2¼) hrs.  
**INVIGILATOR(S)** : Sheralyn Sextus  
**ROOM(S)** : TRB Lab1/2



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**INSTRUCTIONS**

- Candidates are to read all instructions and questions carefully.
- This paper carries One (1) section.
  - **Section I –**  
Candidates are required to answer any THREE questions from this section. **Each question is worth 25 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**



### Question 1

**On Point Designs** has separate departments for *Perfumes*, *Hairdressing* and *Massage Therapy*. The following balances were extracted from its books for the year ended March 31, 2017.

		\$	\$
Purchases:	Perfumes	250,500	
	Hairdressing	100,100	
	Massage Therapy	60,700	
Sales:	Perfumes		350,000
	Hairdressing		165,300
	Massage Therapy		90,600
Inventory (1/04/16)	Perfumes	60,320	
	Hairdressing	35,470	
	Massage Therapy	15,580	
Commissions Received			25,000
Discounts Received			39,000
Returns Inwards	5,400		
Returns Outwards			8,500
Salaries and Wages	50,520		
Discounts allowed	14,200		
Rent and Rates	40,620		
Electricity	11,750		
Advertising	25,800		
Delivery expenses	14,285		
Depreciation of fixed assets	9,050		
General expenses	8,800		

Addition information:

- Inventory (31/03/17)

Perfumes	\$75,790
Hairdressing	\$40,850
Massage Therapy	\$10,430
- Salaries and wages are to be allocated as follows: Perfumes 40%; Hairdressing 30%; Massage Therapy 30%.
- Commissions, Discounts Received and Returns Inwards are to be apportioned in the ratio of Sales of the departments
- Discounts Allowed, Advertising and Returns Outwards are to be apportioned in the ratio of Purchases of each department.
- Rent and Rates, and Electricity are to be apportioned in the ratio of departmental floor areas occupied as follows:

Perfumes	2,500 sq metres;
Hairdressing	1,300 sq metres;
Massage Therapy	1,600 sq metres.
- General expenses are allocated as follows: Perfumes 35%; Hairdressing 30% and Massage Therapy 35%
- All other expenses are to be apportioned equally among departments.

### **REQUIRED:**

Prepare the **Departmental Income Statement** (in good style) for the year to March 31, 2017.

**N.B.** (Please round off to the nearest dollar where necessary)

[Total- 25 MARKS]

## Question 2

The following was taken from the books of **Blue Light Technology**:

May.  
2017

- 1 Commenced business with the following balances:

Cash :	\$5,150
Bank :	\$20,200
- 2 Paid into Bank out of office Cash \$1,600
- 3 Cash Sales \$700
- 4 Cash Sales paid directly into the Bank \$6,820
- 6 Withdrew cash from the bank for personal use \$1,000.
- 6 Paid Wages by cheque \$8,710
- 8 Paid Rent by cash \$1 500
- 10 Additional capital investment by cheque: \$5,000; Cash \$3 500
- 12 Received a cheque from A Ball \$4,320 in settlement of their account of \$4,500
- 15 Paid Black Heart Inc, cheque for \$4,750, receiving a discount of \$475
- 16 Drew a cheque for \$1,605 for Cash for office use
- 17 Received a loan of \$800 cash from P Green
- 20 Paid Light Shades a cheque of \$4,775, having deducted discount of \$240 from their account
- 22 Issued a cheque in favour of Blue Mountain \$2,210
- 26 Received cash of \$1,020, and a cheque of \$3,280 from F Pink
- 31 Bank charges for the month \$400

### **REQUIRED:**

- (A) Write up Blue Light Technology's **3-column Cash Book** and balance it at the end of the period. **[20 marks]**
- (B) Explain what is meant by a **contra entry** in the Cash Book **(2 marks)**
- (C) Explain why the **Discount Received** and **Discounts Allowed** totals are **not** balanced.

**(3 marks)**

**[Total – 25 marks]**

### Question 3

The following information was taken from Kelly Ann books:

2017		\$
January 1	Sales Ledger Control account balance	65 550 DR
	Purchase Ledger Control account	44 200 CR
	Credit Sales for January	57 800
	Credit Purchases for January	30 870
	Cheques received from credit customers	35 800
	Payments to creditors	30 100
	Dishonoured cheques from customers	1 200
	Bad debts written off	1 550
	Discounts received	900
	Discounts allowed	620
	Returns inwards	420
	Returns outwards	290
	A supplier purchase ledger balance transferred to sales ledger	850

Prepare:

- A. Sales Ledger control account [11 marks]
- B. Purchases Ledger control account [8 marks]
- C. List and explain **three (3)** uses of control accounts [6 marks]

[Total - 25 marks]

#### Question 4

You are provided with the Trial Balance of **Hotspot Musiz** for the year ended May, 2017.

Hotspot Musiz		
Trial Balance at May, 2017		
	Dr	CR
Purchases and Sales	230,820	495,970
Sales Returns and Purchases Returns	4,600	7,920
Carriage-Inwards	5,500	
Carriage-Outwards	7,395	
Commissions Received		20,500
Discounts Allowed and Received	5,850	12,890
Telephone Expense	5,620	
Electricity	13,250	
Rent and Taxes	15,750	
Insurance	13,000	
Miscellaneous Expenses	12,395	
Salaries & wages	69,250	
Inventory at 1 <sup>st</sup> June 2016	45,800	
Provision for Doubtful Debts		2,000
Bank Overdraft		24,250
Motor Vehicle at cost	72,000	
Machinery at Cost	68,000	
Furniture & Fittings at Cost	60,500	
Premises at cost	152,400	
Provision for Depreciation: Motor Vehicles		50,000
Machinery		38,000
Furniture & Fittings		22,700
Accounts Receivable and Accounts Payable	58,550	62,450
Capital Account		130,000
Drawings	26,000	
<b>Totals</b>	<b>866,680</b>	<b>866,680</b>

- i) Inventory at May 31, 2017: \$90, 565.
- ii) Rent amounting to \$6, 800 was due at May 31, 2017.
- iii) Insurance premium of \$4,600 was prepaid.
- iv) Depreciation must be provided for 2017 as follows:
  - i. Furniture and Fittings 15% per annum on the reducing balance;
  - ii. Machinery at 12% per annum on cost;
  - iii. Motor Vehicles at 20% per annum on cost;
  - iv. Premises by \$13,000 per annum.
- v) Electricity bill due and unpaid \$950 and wages accrued \$2,910.
- vi) The Provision for Doubtful Debts is to be reduced to \$1 350.

REQUIRED:

- (A) Income Statement in vertical style for the year ended May 31, 2017; [13 Marks]
- (B) Statement of Financial Position, as at May 31, 2017: [12 Marks]

**[Total -25 marks]**

### **Question 5**

The bank columns in the cash book for May 2017 and the bank statement for that month for Lemon are as follows:

#### **Cash Book**

2017	<i>Dr</i>	\$	2017	<i>Cr</i>	\$
May 1	Balance b/d	1,410	May 5	X Rehab	180
7	L Cijay	62	12	V Cannal	519
16	L Caul	75	16	R Silver	41
28	P Rince	224	29	Dehab Ball	22
30	D David	<u>582</u>	30	Balance c/d	<u>1,591</u>
		<u>2,353</u>			<u>2,353</u>

#### **Bank Statement**

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2016	Withdrawal	Deposits	<i>Balance</i>
	\$	\$	\$
Jun 1			1,410
7		62	1,472
8	180		1,292
16		75	1,367
17	519		848
18	41		807
28		224	1,031
29	52		979
30		64	1,043
30	43		1,000

#### **You are required to:**

- (a) Write the cash book up to date to take the above into account [10 marks]
- (b) Draw up a bank reconciliation statement as on 31 May 2017. [6 marks]
- (c) Give three reasons for preparing a bank reconciliation [3 marks]
- (c) Briefly explain three errors that do not affect the balancing of the Trial Balance [6 marks]

**[Total – 25 marks]**

**End of Exam**