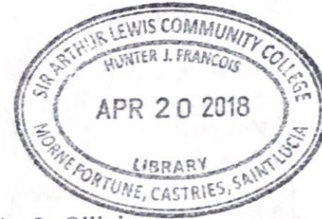


**SIR ARTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES**

EXAMINATION : April - May 2017 Final Examination
TUTORS : D. Joseph
PROGRAMME CODE(S) : ABA-AD
PROGRAMME TITLES : Applied Arts – Business Administration
COURSE TITLE : Financial Accounting I
COURSE CODE : ACC 101
DATE : May 4th, 2017
COMMENCEMENT TIME : 1:00 pm
DURATON : Two (2¼) hrs.
INVIGILATOR(S) : A. Carrazana; C. Augustin; L. Ollivierre
ROOM(S) : OTW-1R-08

#A63



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

Mr. Fulbright has been trading for some years as a caterer. The following list of balances have been extracted from his ledger as at 31st March, 2017, the end of his most recent financial year.

	\$	\$
Capital		83,887
Sales		259,870
Accounts Receivable		19,840
Returns Outwards		13,407
Provision for doubtful debts		512
Discount Allowed	2,306	
Discount Received	1,750	
Purchases	135,680	
Returns Inwards	5,624	
Carriage outwards	4,562	
Drawings	18,440	
Carriage inwards	11,830	
Rent, rates and insurance	25,973	
Heating and Lighting	11,010	
Postage and Stationery	2,410	
Advertising	5,980	
Salaries and Wages	38,521	
Bad Debts	2,008	
Cash	534	
Bank	4,440	
Inventory as at 1 April 2016	15,654	
Accounts Receivable	24,500	
Machinery at Cost	120,740	
Provision for Depreciation on Machinery	<u> </u>	<u>50,946</u>
	<u>430,212</u>	<u>430,212</u>

Additional Notes:

- a. Inventory at 31st March, 2017 - \$20,370
- b. Insurance has been prepaid \$1,120
- c. Heating and Lighting is accrued by \$1,360
- d. Advertising has been prepaid by \$435
- e. Provision of doubtful debts is to be calculated at 3% of Accounts Receivable
- f. Depreciation on machinery is calculated 15% using the Reducing Balance Method

Required: Prepare the following Statements for 31st March, 2017 for Mr Fulbright

- a) Income Statement [10 marks]
- b) The Statement of Financial Position [15 marks]

[Total – 25 marks]

Question 2

Leon prepares control accounts at the end of each month. For May 2017, balances and transactions were as follows:

	\$
Opening Creditors	7,550
Opening Debtors	18,200
Transactions for the month:	
Credit Sales	62,200
Cash Sales	24,880
Discount received	3,440
Returns Inwards	960
Discount allowed	700
Dishonoured cheques from customers	530
Payment to creditors	35,850
Cash Purchases	13,590
Credit Purchases	43,860
Cheques from Debtors	55,810
Cash refund to customers	330
Bad debts written off	2,100
Amounts settled by contra	350

Required:

- a. Prepare the Sales Ledger Control and Purchases Ledger Control accounts for Leon for the month of May 2017 [16 marks]
- b. List the source of each transaction in each of the control account [5 marks]
- c. A control account will not reveal errors that do not affect the Trial Balance. Using examples explain any two errors that do not affect the balancing of the Trial Balance. [4 marks]

[25 marks]

Question 3

The following transactions were taken from the books of Hodge Victims Unit (HVU) for the month of April 2017:

2017

- April 1 Balances brought forward Bank Overdraft \$5,400 and Cash \$1,560
- 2 The following paid HVU by cheque, in each deducting 5% discount L Marisa \$1,020, P Adams \$450, P Bull \$620 and L Cologne \$730
- 3 Cash Sales paid directly to the bank \$8,970
- 5 Paid Telephone Charges \$320 by cash
- 6 HVU paid the following by cheque, in each case deducting 3% cash discount M Reid \$350, B Aaron \$830 and R Horse \$220
- 8 Withdrew cash from bank for personal use \$400
- 10 Cash Sales \$3,120
- 12 G Page paid HVU their account of \$290 by cheque less \$20 cash discount
- 14 Paid wages by cheque \$650
- 16 HVU paid the following accounts by cheque: C Jay \$430 less cash discount \$15; F Carter \$518 less cash discount \$18
- 20 Bought Furniture by cheque \$2,420
- 24 Bought a Motor Van by cheque paying \$10,000
- 26 Received a cheque from L Pool \$424
- 27 Withdrew \$3,000 from cash and deposited into Bank
- 29 Hodge decided to invest an additional 2,000 cash and \$15,000 into the HVU bank account
- 30 Paid rent of \$1,500 by cash

Required:

- a. Prepare a 3-column Cash Book for Hodge Victims Unit's for the month of April 2017 [23 marks]
- b. Post totals to the (i) Discounts Allowed a/c
(ii) Discount Received a/c

[2 marks]

[25 marks]

NB. (Please round off to the nearest dollar where necessary)

Question 4

Jo and Hans have been in partnership for some years and prepare their accounts annually to 31 December. Interest is charged on drawings at the rate of 15% per annum and is allowed on capitals at 10% per annum. Jo receives a salary of \$5,000 per annum. The balance of profits and losses is to be shared Jo $\frac{3}{5}$ and Hans $\frac{2}{5}$.

At 1 January 2016, the following balances appeared in the firm's books:

		\$
Capital accounts	Jo	15,000
	Hans	8,000
Current accounts	Jo	7,000 (Cr)
	Hans	5,000 (Cr)

The net profit for the year to 31 December 2016 amounted to \$20,000 and at that date the balances on the partners' Drawings accounts were: Jo \$5,000 and Hans \$4,000.

Required:

- The profit and loss appropriation account of the partnership for the year ended 31 December 2016 [8.5 marks]
- The partners' current accounts at 31 December 2016 [5 marks]
- A Statement of Financial Position extract as at 31 December 2016 showing the partners' capital and current account balances. [6.5 marks]
- Name the document which outlines the terms and conditions of a partnership [2 marks]
- Explain what is meant by a Debit Balance Brought Down on the Current Account for a partnership. [3 marks]

[25 marks]

Question 5

Bellaire Cottages has departments for Cottages, Restaurants and Administration. The following balances were extracted from their books for the year ended 31 March 2017.

		\$	\$
Purchases	Cottages	160,500	
	Restaurants	120,800	
	Administration	140,500	
Sales	Cottages		250,000
	Restaurants		190,660
	Administration		180,000
Inventory (1/04/16)	Cottages	35,320	
	Restaurants	28,480	
	Administration	15,890	
Commission Received			20,000
Discount Received			12,000
Salaries and Wages		85,650	
Discounts allowed		33,970	
Returns Inwards		4,900	
Rent		65,000	
Electricity		10,550	
Advertising		15,290	
Delivery Expenses		4,450	
Depreciation of fixed assets		5,300	
General Expenses		6,500	

Additional Information

- Inventory 31/03/17
Cottages 23,200
Restaurants 20,400
Administration 8,150
- Commissions received and discounts received are to be apportioned in the ratio of Purchases of the departments
- Discounts allowed, returns inwards and advertising are to be apportioned in the ratio of turnover of each department
- Rent and Electricity are to be apportioned in the ratio of departmental land space occupied on the property
Cottages 13,000 square meters;
Restaurants 9,000 square meters;
Administration 8,000 square meters
- Salaries and Wages are to be allocated in the ratio 3:2:1
- General expenses are allocated as follows: Cottages 50%, Restaurants 20% and Administration 30%
- All other expenses are to be apportioned equally among departments

Required:

Prepare the Departmental Income Statement (Trading and Profit and Loss Account) in good style for the year to 31 March 2017.

[25 marks]

NB. (Please round off to the nearest dollar where necessary)