

SECTION A

Answer ALL questions in this section. Write your answers in the spaces provided.

For questions 1–10, choose an answer A, B, C or D, and put a cross in the box ☒.
If you change your mind about an answer, put a line through the box ☒
and then mark your new answer with a cross ☒.

1 Identify where the account of a credit supplier is maintained.

- A General journal
- B General ledger
- C Payables ledger
- D Receivables ledger

(Total for Question 1 = 1 mark)

2 Identify where discount allowed is initially recorded.

- A Cash book
- B General journal
- C General ledger
- D Purchases journal

(Total for Question 2 = 1 mark)

3 Identify what an opening credit balance of \$1 500 in a business bank account represents.

- A Business has an overdraft of \$1 500
- B Business has \$1 500 in the bank
- C Owner's equity is \$1 500
- D Owner's equity is \$3 000

(Total for Question 3 = 1 mark)

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4 Identify when a cash discount is given.

- A Payment is made by cash only
- B Payment is made by cash or cheque
- C Payment is made within an agreed time period
- D Payment is made after an agreed time period

(Total for Question 4 = 1 mark)

5 Identify which transaction would be recorded in the receivables ledger.

- A Sale of a non-current asset on credit
- B Sale of goods on credit
- C Sale of a non-current asset for cash
- D Sale of goods for cash

(Total for Question 5 = 1 mark)

6 Identify which account would **always** be shown on the credit side of a trial balance.

- A Bank
- B Drawings
- C Equity
- D Petty cash

(Total for Question 6 = 1 mark)

7 Identify which statement describes the imprest system of petty cash.

- A The chief cashier has to authorise every payment of petty cash
- B The chief cashier regularly monitors the work of the petty cashier
- C The petty cashier requests money from the chief cashier as required
- D The petty cashier always starts each period with the same amount of money

(Total for Question 7 = 1 mark)

8 Identify where the total of postage costs recorded in the petty cash book is posted.

- A Credit side of the cash book
- B Credit side of the postages account
- C Debit side of the cash book
- D Debit side of the postages account

(Total for Question 8 = 1 mark)

9 Identify which accounting concept is described in the statement 'the business is treated as being completely separate from the owner of the business'.

- A Business entity
- B Going concern
- C Materiality
- D Prudence

(Total for Question 9 = 1 mark)

10 Identify when a provision for irrecoverable debts should be created.

- A When irrecoverable debts are written off
- B When a trader ceases trading
- C When a trader is bankrupt
- D When assessing the chances of irrecoverable debts

(Total for Question 10 = 1 mark)

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11 On 31 March 2024 Pedal Bikes sold 10 bicycles, list price \$200 each, on credit to Bike Town. All customers receive a trade discount of 10%.

On the same day the incorrect invoice below was prepared.

| Pedal Bikes High Road Rugby CV21 3TY | | | Invoice |
|---|--------------------|-----------------|------------------|
| Bike Town Walker Way Solihull B14 4FT | No: 1123 | | |
| | Date: 1 March 2024 | | |
| Description | Quantity | Unit cost \$ | Total cost \$ |
| Bicycles | 8 | 170 | 1 360 |
| Trade discount | | | 136 |
| Total | | | 1 498 |

Prepare the corrected invoice.

| Pedal Bikes High Road Rugby CV21 3TY | | | Invoice |
|---|----------|-----------------|------------------|
| Bike Town Walker Way Solihull B14 4FT | No: 1123 | | |
| | Date: | | |
| Description | Quantity | Unit cost \$ | Total cost \$ |
| Bicycles | | | |
| Trade discount | | | |
| Total | | | |

(Total for Question 11 = 5 marks)



13 (a) State the name of the book of original entry used to record an irrecoverable debt written off. (1)

(b) State the double entry to record the following transactions:

(i) the writing off of an irrecoverable debt (2)

| Account to be debited | Account to be credited |
|-----------------------|------------------------|
| | |

(ii) the creation of a provision for irrecoverable debts. (2)

| Account to be debited | Account to be credited |
|-----------------------|------------------------|
| | |

(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS



SECTION B

Answer ALL questions. Write your answers in the spaces provided.

14 (a) State **two** reasons why a business may offer a trade discount to customers.

(2)

- 1
- 2

Moore is a wholesaler who sells goods on a credit basis to several local retailers.

All his credit customers receive a 10% trade discount.

On 1 March 2024 the following balances were due from his credit customers.

| Customer | \$ |
|---------------|-------|
| Park Stores | 400 |
| Green News | 1 256 |
| Mary's Sweets | 176 |

During the month of March 2024, the following transactions took place.

| March 2024 | Transaction |
|------------|---|
| 3 | Sold goods on credit to Park Stores, list price \$120 |
| 7 | Green News returned goods, list price \$50 |
| 11 | Received a cheque from Mary's Sweets in settlement of her account balance on 1 March 2024. |
| 18 | Sold goods on credit to Green News, list price \$280 |
| 28 | Received a cheque from Green News in full settlement of its account. |
| 29 | Sold goods on credit to Park Stores, list price \$280 |
| 30 | Received a cheque from Park Stores on account, \$500 |
| 30 | The cheque received from Mary's Sweets on 11 March 2024 is returned by the bank as dishonoured. |

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(b) Prepare the following ledger accounts in the books of Moore.

Balance the accounts on 31 March 2024 and bring the balances down on 1 April 2024.

(11)

Park Stores Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Green News Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |

Mary's Sweets Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
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Moore is considering offering cash discounts to his credit customers.

(c) State **two** benefits that this may bring to his business.

(2)

1

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2

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(Total for Question 14 = 15 marks)



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15 (a) State **two** purposes of a trial balance.

(2)

1

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2

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(b) State the name of the account that is opened if a trial balance does not balance.

(1)

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On 31 March 2024 Harum prepared a trial balance that did not agree.

An investigation revealed the following errors.

- A cash payment for stationery, \$300, had been entered as \$30
- No entries had been made for goods, cost \$550, taken by Harum for his own use.
- The purchase of a new motor vehicle, \$10 000, had been posted to the motor expenses account.
- A credit purchase, \$85, from Son, had been credited to the account of Song.



16 Jonas provided the following information for the month ended 31 March 2024.

| | \$ |
|--|-------------------------|
| Trade receivables ledger control account balances at 1 March 2024 | 42 500 (Dr) 850 (Cr) |
| Cash sales | 5 479 |
| Discounts allowed | 650 |
| Discounts received | 890 |
| Dishonoured cheques | 431 |
| Receipts from credit customers | 36 500 |
| Refunds to credit customers | 250 |
| Returns inwards day book total | 2 345 |
| Sales day book total | 51 260 |

On 31 March 2024 one credit customer had overpaid its balance by \$1 200

- (a) Prepare the trade receivables ledger control account for the month of March 2024. Balance the account and bring the balances down to 1 April 2024.

(10)

Trade Receivables Ledger Control Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
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(b) Explain to Jonas **two** benefits to his business of maintaining a trade receivables ledger control account, advising him whether he should continue to do so.

(5)

Area with horizontal dotted lines for writing the answer.

(Total for Question 16 = 15 marks)



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17 At the close of business on 31 March 2024 the business bank account of Numan showed a debit balance of \$3 145.53

On the same date he received a bank statement that showed a credit balance of \$1 862.93

On investigation he identified the following reasons for the difference.

- Bank charges, \$84, had not been recorded in the cash book.
- The bookkeeper had overcast the total of the debit entries in the cash book by \$360
- The bank statement included a direct debit, \$750, for rent that had not been recorded in the cash book.
- Cash takings, \$1 234, banked on 31 March 2024, had not yet appeared on the bank statement.
- Two cheques sent to suppliers during March 2024 had not yet been presented for payment:
 - Cheque No: 110 Hope \$321.95
 - Cheque No: 119 Crosbie \$823.45



(a) Prepare the updated cash book at 31 March 2024 and bring the balance down on 1 April 2024.

(5)

Cash Book – Bank Column Only

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |

(b) Prepare a bank reconciliation statement at 31 March 2024.

(5)

Bank Reconciliation Statement at 31 March 2024

| | \$ |
|--------------------------|----|
| Balance as per cash book | |
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(c) Explain to Numan **two** benefits to his business of preparing a bank reconciliation statement each month, advising him whether he should continue to do so.

(5)

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(Total for Question 17 = 15 marks)



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18 (a) State **two** factors that cause the value of non-current assets to depreciate. (2)

- 1
- 2

(b) Define **each** of the following terms. (4)

Capital expenditure

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Revenue expenditure

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On 1 January 2023 a trader owned a motor vehicle, cost \$20 000, with depreciation to date of \$8 000

(c) Calculate the depreciation charge for the year ended 31 December 2023 using the:

(i) straight line method of depreciation at 20% per annum (1)

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(ii) reducing balance method of depreciation at 20% per annum. (1)

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On 1 January 2022 Wang purchased machinery at a cost of \$60 000. He intended to use the machinery for five years and estimated that the machinery would have a scrap value of \$10 000

- (d) Prepare the machinery – provision for depreciation account for the years ended 31 December 2022 and 31 December 2023 using the **reducing balance** method of depreciation at a rate of 20% per annum.

(5)

Machinery – Provision for Depreciation Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
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- (e) Explain **one** reason why the accruals concept applies when depreciating non-current assets.

(2)

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(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS
TOTAL FOR PAPER = 100 MARKS



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