CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

07 MAY 2026 (a.m.)

M 2 6 0 1 2 3 9 0 2 0

FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

TEST CODE | 0 | 1 | 2 | 3 | 9 | 0 | 2 | 0 |

SUBJECT PRINCIPLES OF ACCOUNTS – Paper 02

941

PROFICIENCY GENERAL

REGISTRATION NUMBER | | | | | | | | | | |

SCHOOL/CENTRE NUMBER					

NAME OF SCHOOL/CENTRE

A012

CANDIDATE'S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH | D | D | M | M | Y | Y | Y | Y |

SIGNATURE _____

DO NOT WRITE ON THIS PAGE

TEST CODE **01239020**

FORM TP 2026–113

MAY–JUNE 2026

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

941

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of FIVE questions.
2. Answer ALL questions.
3. Write your answers in the spaces provided in this answer booklet.
4. DO NOT write in the margins.
5. Show ALL working clearly.
6. You may use a silent, non-programmable calculator to answer questions.
7. You are advised to take some time to read through the paper and plan your answers.
8. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
9. **If you use the extra page(s), you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

A012

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Copyright © 2025 Caribbean Examinations Council
All rights reserved.

1. C. Yak owns a retail shop which specializes in the sale of goofy toys for kids. During the month of April 2025, the following transactions occurred.

Date 2025	Transactions
Apr 1	Cash on hand was $2 900 and there was an overdraft of $10 000 with the bank.
3	Bought $5 500 worth of inventory from Goofy Toys Inc., receiving a trade discount of 5%. C. Yak paid an initial $500 by cheque on this transaction. The seller agreed to give C. Yak a 4% discount on this sale if the transaction is settled in full within 30 days, otherwise net 60.
4	Sold $160 worth of inventory for cash.
5	Paid for miscellaneous expenses by cheque, $75.
9	C. Yak sold $300 worth of toys. The customer paid by cheque after receiving a 3% discount.
12	Sold unwanted fixtures for $250 by cheque.
24	Settled the outstanding balance owed to Goofy Toys Inc. in full by cheque.
26	Paid shop clerk's wages by cash, $1 500.
30	Balance the cash book and show the opening balances for the following month.

(a) Use the form provided **on page 5** to prepare the cash book for C. Yak for the month of April 2025.

941

A012

C. Yak
Cash Book
For the Month of April 2025

Date	Details	FO	Discount Allowed	Cash	Bank	Date	Details	FO	Discount Received	Cash	Bank

(15 marks)

(b) (i) State the meaning of the balance brought down at the end of the month in EACH of the following accounts.

- Cash

.....

.....

.....

(1 mark)

- Bank

.....

.....

.....

(1 mark)

941

(ii) As at April 30, 2025 C. Yak calculated that the business had a current ratio of 1:3. State the formula which C. Yak would have used to calculate the current ratio.

.....

.....

(1 mark)

(c) State the meaning of the current ratio of 1:3 for C. Yak's business and ONE likely effect this could have on the business.

.....

.....

.....

(2 marks)

Total 20 marks

A012

2. Raven Wade owns a business which he operates under his own name.

On May 13, 2024, Thorne Bell, who owed the business $400, was declared bankrupt and the debt was written off as irrecoverable at that date.

(a) Prepare the journal entry to write off the amount owed by Thorne Bell. **A narrative is NOT required.**

General Journal			
Date	**Details**	**Debit $**	**Credit $**

(2 marks)

(b) During the financial year ended April 30, 2025, in addition to Thorne Bell's irrecoverable debt, other irrecoverable debts totalling $800 were written off. The value of the remaining accounts receivable at April 30, 2025 totalled $25 000 and Raven Wade decided to create an allowance for doubtful debts of 4% of accounts receivable.

Using the form provided below, prepare an extract of the expenses section of Raven Wade's income statement for the year ended April 30, 2025 that reflects all of the transactions given in the scenario.

Raven Wade Income Statement (extract) For the Year Ended April 30, 2025		
	$	**$**
Expenses		

(2 marks)

941 A012

(c) Raven Wade presented the following information at the end of the financial year ended April 30, 2026.

- On April 21, 2026 Raven Wade received a cheque for $500 in full settlement of the debt owed by Benny Blue, who was declared bankrupt. The remainder of the debt was written off as a bad debt.
- Other bad debts totalling $700 were written off as at April 30, 2026.
- Total accounts receivables as at April 30, 2026 was $26 000 and Raven Wade decided to increase the allowance for doubtful debts to 5% of receivables.

Use the ledger accounts provided to record the relevant transactions. Balance, rule and complete all of the accounts at the end of the financial year, showing all year-end transfers or balances as appropriate.

941

RAVEN WADE LEDGER ACCOUNTS

(i) Benny Blue Account					
Date	**Details**	**Debit $**	**Date**	**Details**	**Credit $**
2025 May 1	Balance b/d	1 670			

(3 marks)

A012

(ii) Bad Debt Expense Account					
Date	**Details**	**Debit $**	**Date**	**Details**	**Credit $**

(4 marks)

(iii) Allowance for Doubtful Debts Account					
Date	**Details**	**Debit $**	**Date**	**Details**	**Credit $**

(3 marks)

DO NOT WRITE IN THIS AREA 941 A012

(d) Complete the table below by placing a check mark (✓) in the correct column to indicate how EACH transaction would affect the net profit of Raven Wade's business. **An example has been provided for you.**

Transaction	Increase Net Profit	Decrease Net Profit	No effect on Net Profit
An irrecoverable debt was written off		✓	
A payment by a debtor was not recorded			
An allowance for doubtful debts was created			
The allowance for doubtful debts was reduced			

(3 marks)

941

(e) State ONE measure that Raven Wade could implement to help control or reduce bad debts going forward.

.....

.....

.....

(1 mark)

(f) **Other than by cash or cheque**, identify TWO methods of payment that could be used for acquiring goods and services.

.....

.....

(2 marks)

A012

Total 20 marks

3. Pedro manufactures customized school jacket logos for secondary schools. The cost of making one logo is as follows.

Cost	$
Direct materials	40
Direct labour	50
Indirect costs	10
Total	**$100**

(a) Pedro uses a 40% markup to arrive at a selling price. Calculate the selling price of ONE customized school logo. **Show all working clearly.**

(3 marks)

(b) State TWO benefits Pedro's business will gain from using payroll software programmes.

.....

.....

.....

.....

(2 marks)

DO NOT WRITE IN THIS AREA A012 941

(c) **Other than piece rate**, state THREE other methods that can be used to calculate employees' gross earnings.

.....

.....

.....

.....

(3 marks)

(d) Louise works in the production department. She receives a guaranteed weekly wage of $2 500 plus additional pay of $8 for each logo that meets quality standards.

During the week ended November 21, 2025, Louise's piece work ticket showed that she had completed 470 logos. However, 20 of them did not pass the quality checks.

Calculate Louise's gross pay for the week.

(5 marks)

(e) Janice is the accounts assistant in Pedro's company. Her gross pay is $60 000 per annum. She is entitled to a personal tax allowance of $9 000 per year. In addition, Janice contributes 5% of her annual gross pay to national insurance (social security) which is tax exempt. She also pays union dues of $25 monthly. Income tax is charged at the rate of 25% on taxable pay.

(i) Calculate the annual income tax amount to be deducted from Janice's gross earnings.

(2 marks)

(ii) Calculate the amount Janice pays for union dues in a year.

(1 mark)

(iii) Calculate Janice's take-home pay for the year.

(4 marks)

Total 20 marks

941

A012

4. Floral Blooms Company is planning to invest in another business and is presented with data for its consideration for two similar businesses which operated in the same financial period. Table 1 shows the balances for the two businesses.

TABLE 1: BALANCES

Account	Periwinkle Inc. $	Vinca Ltd $
Revenue	80 000	85 000
Gross profit	20 000	24 000
Expenses	10 000	12 000
Capital	50 000	72 000
Closing inventory	13 000	17 500
Accounts receivable	25 000	20 000
Bank	7 000	8 000
Accounts payable	15 000	10 000

941

(a) Calculate the following ratios for EACH business.

(i) Gross profit

(ii) Return on investment

A form has been provided **on page 15** for your calculations. **Show all working clearly**.

A012

Ratio	Working		
	Formula	Periwinkle Inc.	Vinca Ltd
(i) Gross profit			
(ii) Return on investment			

(9 marks)

GO ON TO THE NEXT PAGE

(iii) State which of the two businesses has the better profitability position. Use the calculations in (a) (ii) to justify your response.

.....

.....

.....

.....

(3 marks)

(b) (i) Identify ONE ratio which Floral Blooms Company may use to calculate the liquidity position of a business.

.....

(1 mark)

941

(ii) State the formula for calculating the ratio identified in (b) (i).

(1 mark)

A012

(iii) Use appropriate figures from Table 1 **on page 14** to calculate the liquidity position for EACH of the businesses. **Show all working clearly**.

Periwinkle Inc.	Vinca Ltd

(3 marks)

(iv) State which of the two businesses has the better liquidity position. Use the calculations in (b) (iii) to justify your response.

.....

.....

.....

.....

(3 marks)

Total 20 marks

941

A012

5. (a) Define the term 'sales budget'.

.....

.....

.....

(1 mark)

(b) The following data shows Games Port Corporation's budgeted sales quantities and corresponding selling prices for the initial months of the year.

Month	Budgeted Sales (units)	Budgeted Selling Price Per Unit $
January	22 000	20
February	34 000	26
March	38 000	27
April	40 000	28

941

A012

(i) Use the form provided to prepare a sales budget for Games Port Corporation for the first quarter ending March 31, 2027.

Games Port Corporation Sales Budget For the Quarter Ending March 31, 2027				
	January	**February**	**March**	**Total**
Budgeted sales units				
Budgeted selling price per unit				
Budgeted total sales				

(3 marks)

(ii) Calculate the percentage increase in the selling price per unit from January to February. **Show all working clearly.**

(3 marks)

(c) Games Port Corporation follows the policy of maintaining an ending inventory for each month which is equal to 10% of the next month's sales in units.

(i) Use the form provided below and the relevant information from the sales budget in (b) (i) to prepare a production budget for Games Port Corporation for the first quarter of 2027.

Games Port Corporation Production Budget For the Quarter Ending March 31, 2027			
	Units		
	January	**February**	**March**
Budgeted sales units			
Ending inventory			
Total units to produce			
Beginning inventory			
Production units required			

(7 marks)

Total budgeted cost of units produced for the month of February is $680 400.

(ii) Calculate the production cost per unit for February's operations.

(3 marks)

(iii) A markup of 50% is applied to the production cost per unit. Calculate Games Port Corporation's selling price per unit for the month of February.

(3 marks)

Total 20 marks

941

A012

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

CANDIDATE'S RECEIPT

INSTRUCTIONS TO CANDIDATE

1. **Fill in all the information requested clearly in capital letters.**

TEST CODE | 0 | 1 | 2 | 3 | 9 | 0 | 2 | 0 |

SUBJECT PRINCIPLES OF ACCOUNTS – Paper 02

PROFICIENCY GENERAL

REGISTRATION NUMBER | | | | | | | | | | |

941

FULL NAME _____

(BLOCK LETTERS)

SIGNATURE _____

DATE 07 MAY 2026 (a.m.)

2. **Ensure that this slip is detached by the Supervisor or Invigilator and given to you when you hand in this booklet.**

3. **Keep it in a safe place until you have received your results.**

INSTRUCTION TO SUPERVISOR/INVIGILATOR

A012

Sign the declaration below, detach this slip and hand it to the candidate as his/her receipt for this booklet collected by you.

I hereby acknowledge receipt of the candidate's booklet for the examination stated above.

Signature _____
Supervisor/Invigilator

Date _____