FORM TP 2014104

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CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins.
4. You are advised to take some time to read through the paper and plan your answers.
5. Show ALL working clearly.
6. You may use a silent, non-programmable calculator to answer questions.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must request extra lined pages from the invigilator. **Remember to draw a line through your original answer and correctly number your new answer in the box provided.**
8. **If you use extra pages you MUST write your registration number and question number clearly in the boxes provided at the top of EVERY extra page.**

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

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INSTRUCTIONS: **This paper consists of a case study and ELEVEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.**

CASE STUDY

Felix Stamp owns a car parts dealership. Most of his payments from customers are made in cash and by direct deposit to the bank. He has few debtors. The cash book page for the month of March 2014 has been mistakenly removed. He has to rely on his source documents, ledgers and bank statement to recreate certain accounts.

1. Name a source document that Felix Stamp would use to draw up his Petty Cash Book.

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(1 mark)

2. Felix Stamp keeps a petty cash imprest of $200 for the business. The cashier reports that there was an unspent balance of $47.10 in the Petty Cash Book on 01 March 2014.

Calculate the amount needed to restore the imprest.

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(1 mark)

3. The cashier produces the following list of small expenditures for the month of March 2014.

March	**Details**	**$**
3	Postage stamps	12.75
6	Messenger's taxi fare	9.65
9	Mop and broom	25.60
13	Envelopes	14.00
17	Cleaning supplies	18.85
22	Copy paper	60.00
27	Glue sticks	7.50
30	Messenger's taxi fare	9.65

Using the Petty Cash Book form **provided on page 3**, draw up Felix Stamp's Petty Cash Book for the month of March 2014. Start with an opening balance of $200.00. **(6 marks)**

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PETTY CASH BOOK (for Question 3)

$	Date	Details	Total $	Cleaning Expenses $	Postage and Stationery $	Travel Expenses $

GO ON TO THE NEXT PAGE

4. Felix Stamp draws up the following list of accounts receivable as at 01 March 2014.

Debtor	**Amount due at 01 March ($)**
P. Francis	8 700
V. Singh	3 500
W. Fisher	4 800

Felix Stamp was contracted to supply goods to each debtor on credit. The contracts include an offer of 5% cash discount if the bill is paid within two weeks of the beginning of the month.

State ONE reason why Felix Stamp would offer a cash discount to debtors.

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(1 mark)

5. The bank statement shows the following postings to Felix Stamp's bank account during March 2014.

March		Dr ($)	Cr ($)	Balance
1	Available balance			6 450
3	Deposit – Cheque (P. Francis)		8 265	
9	Deposit – Cash and cheques from sales		14 730	
12	Standing order – Daily Press Ltd	250		
13	Deposit – Cheque (V. Singh)		3 325	
18	Credit transfer – Income from investments		1 190	
21	Deposit – Cheque (W. Fisher)		4 800	
25	Bank transfer – Insurance	1 340		
26	Deposit – cash and cheques from sales		12 980	
28	Wages	4 500		
30	Drawings	2 000		
30	Payment – Cheque (Detail Supplies)	27 600		
31	Bank charges	160		

Using the data above and the information provided in Question 4, calculate the TOTAL amount of cash discount allowed for the month of March 2014. **(Show working clearly.)**

(2 marks)

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6. Apart from the dollar amounts in the entries, state the difference between a standing order (12 March) and a bank transfer (25 March)?

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(2 marks)

7. Felix Stamp discovers that W. Fisher has gone out of business and cannot pay.

Draw up a Bad Debts Account to reflect this event. Close the Bad Debts Account at the end of March.

(2 marks)

8. On 31 March 2014, the cheque from W. Fisher was returned by the bank.

Apart from W. Fisher going out of business, state ONE other reason why the cheque from W. Fisher may have been returned by the bank.

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(1 mark)

9. On the Bank Account form **provided on page 7**, draw up Felix Stamp's Account for the month of March 2014 using the information provided in the Bank Statement and taking into account the returned cheque. **(8 marks)**

BANK ACCOUNT (for Question 9)c

Date	Details	$	Date	Details	$

10. Felix Stamp started the month of March 2014 with car parts valued at $3 450. By the end of March, the total value of unsold car parts was $2 310. Felix had returned $120 worth of car parts to his supplier and had collected one item worth $405 from a debtor. The item was returned due to a manufacturer's defect.

The roll from Felix's cash register has recorded the following transactions:

March		**$**
4	Sales	25 190
6	Purchases	9 710
9	Sales deposited directly to bank	14 730
18	Sales	27 200
25	Purchases	22 810
26	Sales deposited directly to bank	12 980

Using the information above, prepare the Trading Account of Felix Stamp for the month ended 31 March 2014.

(8 marks)

11. Starting with the Gross Profit in Question 10, use the relevant information from the responses provided in Questions 3, 5, 8 and 9 to calculate the net profit of Felix Stamp for the month ended 31 March 2014.

(8 marks)

Total 40 marks

END OF TEST

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