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FORM TP 2022109

MAY/JUNE 2022

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

3 hours

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.**

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

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1. The petty cashier for TD Salon was given $1 500 on 1 April 2022 to start a petty cash book which will be maintained on the imprest system. Analysis columns are provided in the petty cash book for stationery, cleaning supplies and wages.

During the month of April 2022, the following transactions occurred.

April 1 Purchased mop buckets, brushes and dusting cloths for $180.

April 12 Bought copy paper and pens for a total of $365.

April 14 Cleaner was paid wages of $250 for a fortnight.

April 15 Bought envelopes, computer ink and staples for $178.

April 18 Bought cleaning supplies for $261.

April 29 Cleaner's wages were paid, $250.

(a) (i) Use the petty cash book form provided **on page 5** to record the petty cash transactions for TD Salon for the month of April 2022.

(ii) Total, balance and rule the petty cash book at the end of April.

(iii) Record the entry in the petty cash book on 1 May 2022 to replenish the petty cash fund.

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Page 1

Receipts $	Date	Details	Payments			
			Total $	Analysis Columns		
				Stationery $	Cleaning Supplies $	Cleaner's Wages $

(9 marks)

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(b) Use the ledger account forms provided below to post the totals from the petty cash book at month end.

- Enter the account titles.
- Assign numbers to EACH ledger account.
- All posted entries should be completed with all the appropriate posting references and cross-referencing details.

ACCT. TITLE:					ACCT. NO.:_____		
Date	**Details**	**Folio**	**Debit $**	**Date**	**Details**	**Folio**	**Credit $**

ACCT. TITLE:					ACCT. NO.:_____		
Date	**Details**	**Folio**	**Debit $**	**Date**	**Details**	**Folio**	**Credit $**

ACCT. TITLE:					ACCT. NO.:_____		
Date	**Details**	**Folio**	**Debit $**	**Date**	**Details**	**Folio**	**Credit $**

(8 marks)

(c) The owner of TD Salon has asked you to prepare and sign the cheque to be given to Turi Francis, the petty cashier, to cash at the bank for the purpose of replenishing the petty cash fund on 1 May 2022. Use the form below to prepare the cheque for this purpose.

Caribbean Bank, PLC
High Street
Anywhere Town, Nevis

_____

PAY TO _____ The sum of

_____ DOLLARS

and _____ CENTS.

_____

$ _____

(3 marks)

Total 20 marks

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2. The treasurer of Suri Youth and Sports Club has listed the following details about the club's affairs for the year ended 30 April 2022.

	$
Subscriptions	5 460
Refreshments bought for club members	980
Club's staff wages	2 200
Rental income	2 420
Secretarial and administrative expenses	3 500
Ground maintenance expenses	560
Social evening costs	4 380
Clubhouse repairs	8 400
Social evening ticket sales	17 880

Additional Information

	1 May 2021	**30 April 2022**
Cash at bank	$2 045 (overdrawn)	?

(a) Use the form provided **on page 9** to prepare the club's receipts and payments account for the year ended 30 April 2022. Clearly identify the closing balance for the start of the new year.

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	$		$

(8 marks)

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(b) On 30 April 2022, the treasurer of Suri Youth and Sports Club presented the club's financial team with the following information.

30 April 2022	Bank statement balance	$2 125
30 April 2022	Receipts and payments book balance	?

Discrepancies between the two records were discovered as follows.

Item	Description of Discrepancies	Amount $
A	The bank statement showed that some subscription payments were paid directly at the bank by club members. These payments were not recorded in the receipts and payments account.	200
B	Payment of a cheque was recorded twice in the bank statement.	400
C	Insurance premium for the club which was paid by the bank as per instructions had not been recorded in the receipts and payments account.	590
D	A cheque previously received from M. Vidal was dishonoured by the bank.	430
E	Bank charges had not been recorded in the receipts and payments account.	80
F	A cheque for $740 issued to S. Carter for catering services was recorded in the receipts and payments account as $470.	

(i) State which of the discrepancies above match the two terms in the following table, by writing the corresponding item letter from the table above in the spaces provided in the table below.

Term	Item Letter
Standing order	
Direct deposit	

(2 marks)

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(ii) Prepare the updated receipts and payments account to show the updated cash at bank figure for Suri Youth and Sports Club at 1 May 2022. Begin with your closing cash balance calculated from the receipts and payments account in (a).

		$			$

(7 marks)

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(iii) Prepare a bank reconciliation statement for Suri Youth and Sports Club for the month of April 2022, beginning with your updated cash at bank figure from (b) (ii).

	$	**$**

(3 marks)

Total 20 marks

3. Rayelle Manufacturing Company manufactures automobile parts, model AF2. The following information is available for the direct costs used to manufacture one automobile AF2 part.

Direct Costs For Making Each AF2 Part
Material 7 kg of steel, bought at a cost of \$11 per kg
Labour • 2 hours in the cutting department • 3 hours in the polishing department All labour is paid at the rate of \$15 per hour.

(a) (i) Calculate the total direct costs of producing **one** AF2 automobile part.

(3 marks)

(ii) Calculate the total direct costs of producing **800** AF2 automobile parts.

(3 marks)

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(b) The following information has been extracted from the books of Rayelle Manufacturing Company for the year ended 30 April 2022.

	$
Factory wages	106 700
Factory overheads	86 000
Administrative expenses	2 900
Purchases of raw materials	240 600
Purchases returns of raw materials	780
Inventories at 1 May 2021	
Work in progress	12 480
Raw materials	42 000
Inventories at 30 April 2022	
Work in progress	34 000
Raw materials	28 000
Revenue	930 000

(i) Use the information provided in the table **on page 14** to prepare an extract, showing calculations to arrive at the cost of raw materials used for the year ended 30 April 2022.

	$	**$**

(4 marks)

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(ii) Prepare the company's manufacturing account to show the total cost of production of manufactured goods for the year ended 30 April 2022.

	$	$

(8 marks)

(c) During the year ended 30 April 2022, Rayelle Manufacturing Company produced 50 000 AF2 automobile parts.

Use the total cost of production figure from (b) (ii) to calculate the unit cost of producing **one** AF2 automobile part in the year ended 30 April 2022.

(2 marks)

Total 20 marks

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4. Payne Ltd has been asked to submit a business plan for the launching of a new product line.

(a) List THREE components Payne Ltd should include in the business plan.

Component 1	
Component 2	
Component 3	

(3 marks)

The authorized share capital for Payne Ltd is as follows.

200 000 ordinary shares of $1 each 500 000 8% preference shares of 50¢ each

2021 1 June	Payne Ltd issued 100 000 ordinary shares at $1.80 each. These shares were fully subscribed and paid up.
2021 1 November	Payne Ltd issued 200 000 8% preference shares at $1.00 each. These shares were fully subscribed and paid up.
2022 1 April	Payne Ltd issued $80 000 6% debentures.

(b) Use the form provided **on page 19** to prepare journal entries to record the three transactions above for Payne Ltd. **Narratives are not required.**

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GENERAL JOURNAL				
Date	**Details**	**Folio**	**Debit $**	**Credit $**

(6 marks)

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(c) Use the information presented for the issue of shares **on page 18** to prepare an extract showing the shareholders' equity section of Payne Ltd's statement of financial position as at 30 April 2022.

	$	**$**

(6 marks)

(d) During the financial year ended 30 April 2022, Payne Ltd declared and paid an ordinary dividend of 5¢ per share and paid out the dividend due on the preference shares.

For EACH type of share specified in the table below, calculate the amount the company paid out in dividends for the year ended 30 April 2022.

Type of Share	Working
Ordinary shares	
Preference shares	

(3 marks)

(e) Payne Ltd is planning to raise additional capital through another issue of shares.

(i) Calculate the additional number of 8% preference shares that the company can issue.

(1 mark)

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(ii) Calculate the total value of these additional preference shares.

(1 mark)

Total 20 marks

5. High Tech Limited is a manufacturer of Scalextric toy cars. It has two cost centres, assembly and finishing, and information is available as follows.

Indirect Costs	Cost Centres	
	Assembly $	**Finishing $**
Production supervisor salary	5 000	5 600
Apportioned costs	9 750	15 250

(a) Use the information given in the table above to calculate the **total** indirect costs for EACH cost centre.

Assembly Cost Centre	Finishing Cost Centre

(2 marks)

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(b) The total production hours for the business are as follows.

Production Hours	Cost Centres	
	Assembly $	Finishing $
Labour hours (LH)	3 500	2 500
Machine hours (MH)	500	1 500

Additional Information

- The assembly cost centre operates on a 'labour hour' intensive basis.
- The finishing cost centre operates on a 'machine hour' intensive basis.

(i) State the formula to calculate the overhead absorption rate (OAR).

(1 mark)

(ii) Calculate the overhead absorption rate (OAR) for EACH cost centre.

Assembly Cost Centre	Finishing Cost Centre

(6 marks)

High Tech Limited has received an order for some Scalextric toy cars. The production of ONE toy car requires the use of **5 kg of direct material which is purchased at $10 per kg**. The breakdown of the remaining production details is as follows.

	Assembly $	**Finishing** $
Labour hours @ $25 per hour	3.75 hours	3.5 hours
Machine hours	5 hours	2 hours

(c) Use the spaces provided in the tables **on pages 25 and 26** to calculate and arrive at the total cost of producing ONE Scalextric toy car. Remember to apply your previously calculated OARs for the two cost centres appropriately.

Direct Materials Calculations	**Materials Total Cost** $

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Production Hours Calculations			
	Assembly Cost Centre	**Finishing Cost Centre**	**Production Hours Total Cost**
Labour hours			
Machine hours			
Totals			

Overall Total Cost of Producing One Toy Car	**Total Cost $**
Materials total cost	
Production hours total cost	
Overall total cost	

(7 marks)

(d) High Tech Limited has a 50% mark-up policy.

(i) Define the term 'mark-up pricing'.

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(1 mark)

(ii) Calculate the total dollar value of the mark-up on ONE Scalextric toy car.

(1 mark)

(ii) Calculate the selling price of ONE Scalextric toy car.

(2 marks)

Total 20 marks

END OF TEST

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

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