CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

06 JANUARY 2017 (p.m.)

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FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

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

SUBJECT PRINCIPLES OF ACCOUNTS – Paper 032

PROFICIENCY GENERAL

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

SCHOOL/CENTRE NUMBER					

NAME OF SCHOOL/CENTRE

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

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

SIGNATURE _____

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JANUARY 2017

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. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. 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.**
8. **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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Instructions: **This paper consists of a case study and TEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.**

Case Study

Fu Yong is the owner/operator of Little Stars Preschool, which provides educational services for young children.

1. Identify the type of business organization which Fu Yong owns.

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(1 mark)

2. Name ONE journal that Mr Yong may use for his financial record keeping.

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(1 mark)

3. Give an example of a possible piece of equipment Little Stars Preschool might have.

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(1 mark)

4. Mr Yong has presented you with the following list of items relating to the financial affairs of the preschool.

Premises	$195 000
Unpaid electricity bill	610
Fees owing by parents	1 800
Fixtures and equipment	50 330
Cash	350
Bank loan (5-year, 8% p.a. interest)	94 950
Computers and IT equipment	46 940
Provision for depreciation on computers and IT equipment	4 694
Included in the amount for computers and IT equipment are items bought on a three-year settlement term from Teeny Tings Retail Company	7 200
Owing for repairs	800

(a) State the formula Mr Yong would use to calculate his net worth or capital in the business.

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(1 mark)

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(b) Using the vertical style, prepare a classified Statement of Financial Position (Balance Sheet) to show the Working Capital of the business as at 30 April 2016.

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5. Write a brief comment to explain the significance of the working capital for the operation of Mr Yong's business.

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(1 mark)

Additional information:

The business' depreciation policy is as follows.

Fixtures and equipment	15% straight line
Computer and IT equipment	10% reducing balance

Show all working clearly. All working must be rounded off to the nearest whole number.

6. (a) Calculate the total depreciation charge on computers and IT equipment for the second year.

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(2 marks)

(b) Prepare either the Depreciation on Fixtures and Equipment Account OR the Provision for Depreciation on new Fixtures and Equipment Account for the next two years.

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(5 marks)

7. Calculate the total interest charges which Mr Yong must pay on the bank loan for the year.

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(3 marks)

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Additional information:

Monthly fee per child	$400
No. of preschoolers enrolled in the business	50

At year end, all fees were fully paid up except for six parents who had not paid for the month of April. Additionally, ten parents had paid in advance for May of the next accounting year.

8. Calculate the revenue earned **for the year** by Little Stars Preschool, under the various headings given. **Show all working clearly**.

(a) Total Outstanding from Parents

(b) Total Paid in Advance by Parents

(c) Total Fees Earned for the Year

(d) Total Received During the Year

(5 marks)

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9. Show the Revenue Account as it would appear in Mr Yong's ledger at the end of the current accounting year.

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(6 marks)

10. Mr Yong has noticed that an increasing number of parents are unable to pay fees on time. Create a provision for 5% of existing Accounts Receivables of $2 400.

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(4 marks)

Total 40 marks

END OF TEST

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

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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 | 3 | 2 |

SUBJECT: PRINCIPLES OF ACCOUNTS – Paper 032

PROFICIENCY: GENERAL

REGISTRATION NUMBER: | | | | | | | | | | |

FULL NAME: _____

(BLOCK LETTERS)

Signature: _____

Date: _____

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:

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: _____

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