FORM TP 2015096

TEST CODE **01237032**

MAY/JUNE 2015

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

OFFICE ADMINISTRATION

Paper 032 – General Proficiency

1 hour 45 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. You MUST use this answer booklet when responding to the questions. For EACH question, write your answer in the space provided and return the answer booklet at the end of the examination.
2. Use the CASE STUDY to answer the questions.
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. You may use a silent, non-programmable calculator to answer questions.
6. 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.**
7. **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.

Copyright © 2014 Caribbean Examinations Council
All rights reserved.

Instructions: Read the following case study and answer ALL questions.

CASE STUDY

'Cheques' and Balances

Harlington's Business College is an offshore educational institution in Hamilton, Bermuda. The college has been experiencing some challenges with significant errors and omissions in its accounting records and documents over the last two years. Despite all of this, they continued to make a sizable profit. Normally, the duties of the accounts clerk at the college would include receiving payments from students, making out cheques to suppliers, preparing wages for some employees, among other things.

You are Halle Marson, hired with good references specifically for the department, and with the task of assisting with efforts to correct some of the problems mentioned. On this assignment, you worked very closely with the accountant, Shaun Andrews. You will be expected to deal with incomplete documents, identify errors and make recommendations as necessary.

1. When checking the payroll for August 2014, you realized that no wages sheet was prepared for the week ending 19 August 2014, resulting in no payment for national insurance. Note that each employee works a 40-hour week and receives a basic pay of $550 per week. You are required to use the following information to complete the wages sheet on page 3.

- Overtime – paid at a rate of $45 per hour.
- National insurance – calculated at 10% of gross wages.
- Income tax – calculated at 17.5% of gross wages.
- Pension – calculated as 5% of gross wages.

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

Harlington's Business College
WAGES SHEET
for 15–19 August 2014

PAYROLL NUMBER	NAME OF TUTOR	HOURS WORKED	OVERTIME HOURS	BASIC PAY	OVERTIME PAY	GROSS WAGES	NATIONAL INSURANCE	INCOME TAX	PENSION	TOTAL DEDUCTIONS	NET WAGES
40	GALE T.	40		550							
50	REIFER W.	51		550							

Space for calculations

(8 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA *DO NOT WRITE IN THIS AREA* *DO NOT WRITE IN THIS AREA*

2. Shaun was asked to secure $150 000 from the profits of Harlington's Business College to open an account to assist financially challenged students in paying for their core areas

(a) Give TWO reasons why Shaun would want to open a savings account rather than a current account.

.....

.....

.....

.....

.....

(2 marks)

(b) Shaun was considering depositing $150 000 into the central bank instead of a commercial bank.

Suggest TWO reasons why this decision would NOT be a wise one.

.....

.....

.....

.....

.....

(2 marks)

(c) On reading some information from a brochure on the operations of a credit union, Shaun is further contemplating whether to open an account at the credit union.

Outline THREE benefits the college would experience if Shaun decides to deposit the money in the credit union.

.....

.....

.....

.....

.....

(3 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

(d) During the financial year, Shaun receives a tangible donation of US $20 000 from past students to assist financially challenged students. He wishes to use the service of a bureau of exchange/cambio.

Explain ONE reason for Shaun's decision to utilize a bureau of exchange/cambio.

.....

.....

.....

.....

(2 marks)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

3. (a) Halle was assigned the task of checking through the batch of dishonoured cheques as there were quite a few of these for which payments were refused.

Give FOUR suggestions Halle could provide as reasons for the dishonoured cheques.

(i) .....

.....

(ii) .....

.....

(iii) .....

.....

(iv) .....

.....

(4 marks)

(b) Assume you are Shaun Andrews, complete the cheque below (including the stub/counterfoil) for the amount of $1 500 to be paid to MOJ Publishers for a set of books purchased for the college's library. Use the current date.

Date _____	First Bankers Hamilton, Bermuda
To _____	_____
	Pay to the order of _____ $_____
Total _____	_____/100 dollars
This Cheque_____	_____
_____	237 6 650 911

(6 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

4. In checking through documents, Halle discovered that the current petty cash system was not being properly used, nor was the book correctly written up and, as a result, a few cheques were found written for amounts as little as $7. To prevent these problems from continuing, Halle has the task of getting the petty cash system operating correctly again.

Use the petty cash form provided below to

(a) correct any errors identifie **(2 marks)**

(b) balance the account and show the amount to restore the imprest. **(6 marks)**

Show all working under the table.

Petty Cash Book

Dr Cr

Cash Received		Date	Details	VOU No.	Totals		Postage		Travel		Stationery		Sundries	
$		2015			$		$		$		$		$	
200	00	May 1	Cash											
		May 5	1 get well card		8	65							8	65
		May 6	1 ream A4 paper		12	45			12	45				
		May 14	Stamps		11	00								
		May 22	1 printer cartridge		78	83					78	83		
		Total for the month												

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

5. To improve the department's performance, the accountant, Shaun Andrews, considered ordering some up-to-date accounting software. Before ordering, he wanted to be assured of ways in which the department could improve efficiency from using such software

Outline THREE benefits the department would experience if management implemented the up-to-date accounting software.

(i) .....

.....

(ii) .....

.....

(iii) .....

.....

(3 marks)

6. Halle has discovered that Harlington's Business College often stores large sums of cash on the compound and this increases the chances of robbery and theft.

Recommend THREE approaches that the college should take in safeguarding the collection and storage of cash.

(i) .....

.....

.....

.....

(ii) .....

.....

.....

.....

(iii) .....

.....

.....

.....

(6 marks)

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

7. The following is an extract of the cash book and bank statement of Harlington's Business College for the month of May 2014.

Cash Book (Bank columns only)

Date	Particulars	Folio	Bank	Date	Particulars	Folio	Bank
2014				2014			
01 May	Balance b/d		1 500	06 May	D. Platt		50
06 May	R. Ray		200	06 May	Watermount		10
18 May	B. Gray		100	09 May	E. Reddie		60
30 May	C. Chung		700	20 May	Drawings		500
				31 May	Balance c/d		1 880
			2 500				2 500
01 June	Balance b/d		1 880				

Bank Statement

Date	Particulars	Debit (Dr) $	Credit (Cr) $	Balance
2014				
01 May	Balance b/d			1 500
06 May	Cash	50		1 450
06 May	Cash	10		1 440
06 May	Cheque deposit		200	1 640
09 May	Cheque # 070	60		1 580
15 May	Insurance: Standing order	100		1 480
18 May	Cash deposit		100	1 580
20 May	Cheque # 071	500		1 080
23 May	Loan payment: Standing order	120		960
31 May	Salary		1 500	2 460

GO ON TO THE NEXT PAGE

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

(a) Prepare the updated cash book and a bank reconciliation statement for the college, starting with the cash book balance.

Harlington's Business College
Updated Cash Book

Date	Particulars	Folio	$	Date	Particulars	Folio	$

Harlington's Business College
Bank Reconciliation Statement

	$	$

(4 marks)



DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

(b) Based on the information provided in the cash book and bank statement shown on page 9, suggest TWO reasons why the accountant would want to reconcile the cash book of Harlington's Business College with the bank statement.

(i) .....

.....

.....

(ii) .....

.....

.....

(2 marks)

Total 50 marks

END OF TEST

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

DO NOT WRITE IN THIS AREA *DO NOT WRITE IN THIS AREA* *DO NOT WRITE IN THIS AREA*