

Candidate's name: \_\_\_\_\_ (       ) Class: \_\_\_\_\_



Evergreen Secondary School  
Preliminary Examination 2024

Principles of Accounts Paper 1  
Secondary Four G3/Five

**Date:** 27 August 2024

**Duration:** 1 hour

**Marks:** 40

**READ THESE INSTRUCTIONS FIRST**

Write your name, index number and class on the spaces provided at the top of this page.

Write in dark blue or black pen.

You may use a HB pencil for any rough working.

Do not use staples, paper clips, glue or correction fluid.

The use of an approved calculator is allowed.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

Write all your answers in the spaces provided on the Question Paper.

The number of marks is given in brackets [ ] at the end of each question or part question.

Answer **all** questions.

- 1 Andy runs a logistics business. The business has a financial year end of 31 March.

While preparing the financial statements for the year ended 31 March 2024, Andy identified the following errors.

- 1 Motor vehicle repairs, \$600, had been posted to the motor vehicles account.
- 2 Utilities for Andy's personal property, \$250, had been debited to the business utilities account.
- 3 A credit purchase from Tom, \$900, had been posted to Tim's account.
- 4 Payment for rent, \$5 500, had been recorded as \$5 600.

The profit for the year ended 31 March 2024 **before** correcting these errors was \$990.

**REQUIRED**

- (a) Complete the following table by indicating the amount of increase or decrease affecting profit for the year **after** correcting **each** error. If there is no effect, place a tick (✓) in the No effect column.

Calculate the adjusted profit for the year **after** correcting these errors.

	No effect	Amount of increase \$	Amount of decrease \$	\$
Profit for the year before correction of errors				990
Error 1				
Error 2				
Error 3				
Error 4				
Adjusted profit for the year				

[5]

**(b)** Name the **two** professional ethics that accountants have to adhere to.

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..... **[2]**

**[Total: 7]**

- 2 Sam runs a photography business, which has a financial year end of 30 September. The following ledger account has been provided at 30 September 2023.

Photography fee revenue account								
Date	Particulars				Dr	Cr	Balance	
2022					\$	\$	\$	
Oct 1	Photography fee revenue received in advance					8 500	8 500	Cr
Dec 31	Trade receivables					30 000	38 500	Cr
2023								
Mar 31	Cash at bank					40 000	78 500	Cr
Sep 30	Photography fee revenue received in advance				3 000		75 500	Cr

### REQUIRED

- (a) State the source document for the transaction on 31 December 2022.

.....  
..... [1]

- (b) Name the accounting theory which must be applied when accounting for the sale of goods or the provision of services.

.....  
..... [1]

- (c) State the amount of photography fee revenue earned by the business on 31 December 2022 for services provided on credit to customers.

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..... [1]

- (d) Interpret the entry on 30 September 2023.

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.....  
.....  
..... [2]

- (e) State the account that the photography fee revenue for the year ended 30 September 2023 will be transferred to.

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..... [1]

- (f) State the amount of photography fee revenue to be recorded in the Statement of Financial Performance for the year ended 30 September 2023.

.....  
..... [1]

[Total: 7]

- 3 KJ is a business trading in electronic goods. It uses the First In First Out (FIFO) method to record inventory.

The following are information relating to the inventory of the business for the month of June 2024:

- 1 On 1 June 2024, KJ had 10 units of goods which had a total cost of \$2 000.
- 2 During June 2024, KJ made the following purchases of goods from its supplier XY on credit:

Date	Units	Cost \$
June 7	20	4 800
9	10	3 000
18	10	2 200

- 3 KJ sold 30 units of goods on 28 June 2024.
- 4 On 29 June 2024, KJ returned goods that were previously bought on 18 June 2024 back to supplier XY.

#### REQUIRED

- (a) State **two** reasons why a business returns inventory.

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..... [2]

[7]

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..... [1]

[1]

KJ's rate of inventory turnover for 30 June 2024 was 5.47 times.

GB's rate of inventory turnover for 30 June 2024 was 4.32 times.

**(e)** Comment on the efficiency of inventory management for KJ and GB.

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**(f)** State **two** consequences for a business of having a low rate of inventory turnover.

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..... [2]

**(g)** Suggest **one** way that GB can take to improve the rate of inventory turnover.

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..... [1]

**[Total: 16]**



5 EVG Pte Ltd has a financial year end of 30 April. The business provided the following information at 1 May 2023.

	\$
Share capital, 100 000 ordinary shares	150 000
Retained earnings	225 000

On 1 July 2023, EVG Pte Ltd issued an additional 50 000 shares at \$1 per share.

On 18 August 2023, the business declared a dividend of \$0.02 per share on all shares.

The loss for the year ended 30 April 2024 was \$31 000.

### REQUIRED

(a) Define dividends.

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..... [1]

(b) Prepare an extract of the statement of financial position as at 30 April 2024, showing the equity section.

#### Extract of Statement of Financial Position as at 30 April 2024

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..... [3]

(c) State the double entry for the issue of additional shares on 1 July 2023.

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..... [2]

- (d)** State the double entry for the declaration of dividends on 18 August 2023.

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.....  
..... **[2]**

- (e)** State the double entry for the transfer of the loss for the year to the retained earnings account.

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.....  
..... **[2]**

**[Total: 10]**