

*To provide an idea about what this book contains, only few pages taken randomly from the book are shown here.*

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### GCE 'O' Level Principles Of Accounts (Yearly)

# C O N T E N T S

Classified Questions

Syllabus



June/ December **1996**



June/ December **1997**



June/ December **1998**



June/ December **1999**



June/ December **2000**



June **2001** Paper 1 & 2

December **2001** Paper 1 & 2



June **2002** Paper 1 & 2

December **2002** Paper 1 & 2



June **2003** Paper 1 & 2

December **2003** Paper 1 & 2



June **2004** Paper 1 & 2

December **2004** Paper 1 & 2



June **2005** Paper 1 & 2

December **2005** Paper 1 & 2



June **2006** Paper 1 & 2

December **2006** Paper 1 & 2



June **2007** Paper 1 & 2

December **2007** Paper 1 & 2



June **2008** Paper 1 & 2

December **2008** Paper 1 & 2



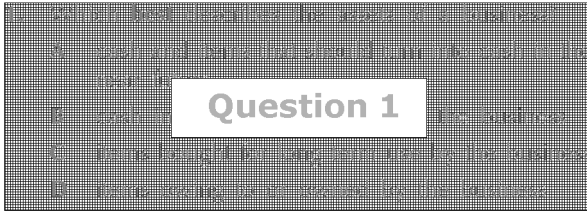
June **2009** Paper 1 & 2

December **2009** Paper 1 & 2

# June 2009 Paper 1

## Multiple Choice

Answer **all** questions.



Trouble → SHOOTER

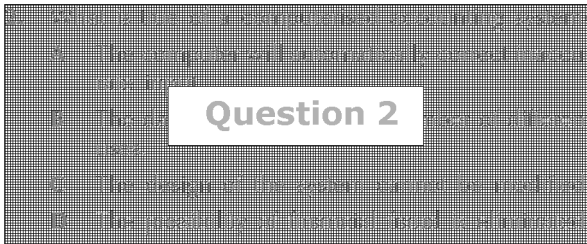
Option A — current assets

Option B — capital

Option C — fixed assets

Only option D best describes assets (Fixed and current)

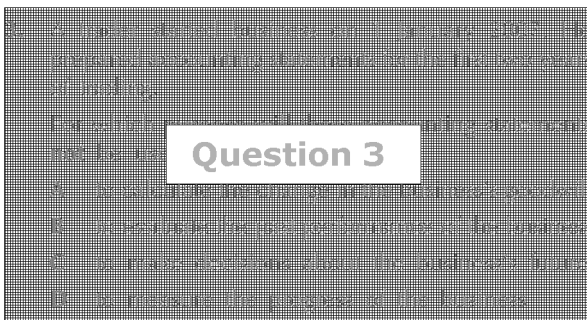
Answer: D



Trouble → SHOOTER

Computerised accounting system saves the data for the owner. The owner can use the data for various purposes.

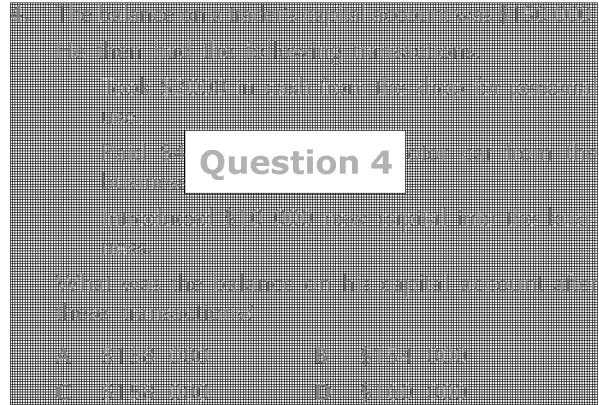
Answer: B



Trouble → SHOOTER

Goodwill occurs when the business is sold. It is incorrect to state that financial statements are prepared to calculate changes in business goodwill.

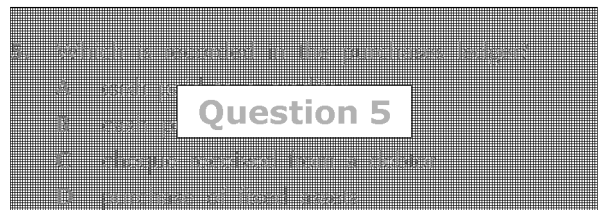
Answer: A



Trouble → SHOOTER

$$\begin{aligned} \text{Revised capital} &= 150000 - 2000 \text{ (drawings)} - 4000 \\ &\quad \text{(drawings)} + 10000 \text{ (additional investment)} \\ &= \$154\ 000 \end{aligned}$$

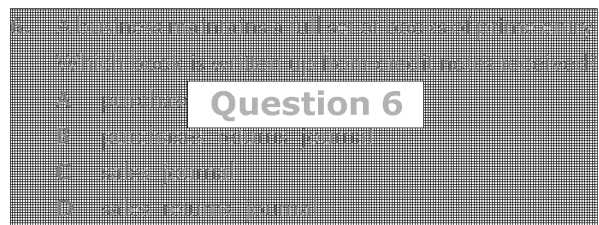
Answer: B



Trouble → SHOOTER

Purchases ledger has personal accounts of creditors. Cash paid to creditors will be recorded.

Answer: A



Trouble → SHOOTER

Credit note received is a debit note for the business. Debit notes are recorded in the purchases return journal as they are an acknowledgement of goods returned and creditors account reduced.

Answer: B

# June 2009 Paper 2

Answer all questions.

**Q1**

**Topic: Theory of Double Entry**

Sample question: The following account shows the balance of the 'Purchases' account during the month of April 2009. The total for each account is given.

- (i) Balance brought forward \$1000
- (ii) Cash \$150
- (iii) Bank \$150
- (iv) Balance carried forward \$1300

**Questions are not shown in Preview**

Item	Book of original entry	Account to be debited and amount	Account to be credited and amount	Effect on net profit - <b>➤➤2</b>
(i)	Cash Book	Wages \$150	Bank \$150	-\$150
(ii)				
(iii)				
(iv)				
(v)				

Net profit is the difference between the following amounts:

- (i) Sales
- (ii) Expenses

[Total: 21]

**TroubleSHOOTER** ➤➤

**➤➤1**  
 Effect on Purchases and closing stock will have to be determined.

**➤➤2**  
 Only items of Trading, Profit and Loss account effect profit.

**SOLUTION**

(a)

Item	Book of original entry	Account to be debited and amount	Account to be credited and amount	Effect on net profit
(i)	Cash Book	Wages \$150	Bank \$150	– \$150
(ii)	Sales Journal	Sallis \$1650 (debtor)	Sales \$1650	+ \$700 [w1]
(iii)	Purchases Returns Journal	Evans and Co. \$325 (Creditor)	Purchases Returns \$325	Nil [w2]
(iv)	Cash Book	Bank \$1455 Discount Allowed \$45 [w3]	G.Black debtor \$1500	– \$45
(v)	General Journal	Disposal A/c \$600	Profit & Loss A/c \$600 [w4]	+ \$600

- (b) (i) 1. Record of purchases or sales.  
 2. Amounts of invoice are posted in purchases and sales journal.
- (ii) 1. Debtors account is reduced or credited with amount of return of goods.  
 2. Amount on credit note to be posted in sales return journal and sales ledger.

**WORKINGS**

[w1] Selling price – cost = 1650 – 950 = 700 profit on trading.

[w2] Purchases return → decreases purchases → decreases cost of goods sold → increases gross profit.  
 Stock (ending) → decreases by return → decreases gross profit → Nil effect on profit.

[w3] 1500 × 3% = 45 (discount allowed)

[w4] Book value 1400 – selling price 2000 = profit \$600.

<b>Q2</b>	<b>Topic: Trial Balance, Errors &amp; Suspense Account</b>
<p><b>Questions are not shown in Preview</b></p>	
<p>[Total: 18]</p>	

**SOLUTION**

- (a) (i) Error of omission
- (ii) Error of commission
- (iii) Error of Principle
- (iv) Error of reversal.

(b)

<b>Journal</b>		
	<b>Dr.</b>	<b>Cr.</b>
	<b>\$</b>	<b>\$</b>
(i) Purchases	2000	
A Morston		2000
(ii) T Cley	650	
C Tilley		650
(iii) Motor Vehicle expenses	500	
Motor Vehicle		500
(iv) L Staithe	380	
Discount allowed		190
Discount received		190

(c)

<b>Revised Net Profit for the Year Ended 30 April 2009</b>		
	<b>\$</b>	<b>\$</b>
Net profit as per accounts		14670
Add: Discount allowed wrongly recorded	190	
Discount received omitted	190	
	380	15050
Less: Purchases omitted	2000	
Motor expenses not recorded	500	
	2500	12550
Revised net profit		12550