

School Number	Candidate Number
Surname and Initials	

# BOOKKEEPING & ACCOUNTS

PAPER 1 2009/1

Monday **22 MAY 2017** 1:00 P.M.–3:00 P.M.

Additional materials:

None

<p><b>MINISTRY OF EDUCATION</b> <b>NATIONAL EXAMINATIONS</b></p>
--

BAHAMAS GENERAL CERTIFICATE OF SECONDARY EDUCATION

## INSTRUCTIONS TO CANDIDATES

**Do not open this booklet until you are told to do so.**

Write your school number, candidate number, surname and initials at the top of this booklet.

Answer **ALL** questions; show all working where appropriate.

Calculators are allowed.

**ALL** answers must be written in **INK** for Section B. Answers written in pencil **will not** be graded.

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

FOR EXAMINER'S USE ONLY	
Section A Multiple Choice Questions (30 marks)	
Section B Application Problems (70 marks)	
Question 1	
Question 2	
Question 3	
Question 4	
TOTAL MARKS	

This question paper consists of 25 printed pages and 3 blank pages.

SECTION A

Multiple Choice  
(30 Marks)

**Instructions:** Read each question carefully. Choose the **ONE** answer you think is correct and circle the corresponding letter. Answer **ALL** questions in ink.

1. Which of the following represents the accounting equation?

- 1. Assets - Liabilities = Capital
- 2. Assets + Liabilities = Capital
- 3. Assets = Capital - Liabilities
- 4. Assets = Capital + Liabilities

- A. 1 and 3
- B. 1 and 4
- C. 2 and 3
- D. 2 and 4

[1]

2. How do capital injections and profits affect Capital?

	Capital Injections	Profits
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

[1]



3. Which of the following would **not** appear in a Sales Ledger Control account?

- A. bad debts written off
- B. cash received from credit customers
- C. discounts allowed
- D. returns outwards

[1]

4. What is the correct treatment for purchases on credit?

	<b>Account debited</b>	<b>Account credited</b>
A.	cash	purchases
B.	creditor	purchases
C.	purchases	cash
D.	purchases	creditor

[1]

5. When does a business recognise the income from a sale of goods on credit?

- A. When the business sends a statement to the customer.
- B. When the customer pays for the goods.
- C. When the goods are delivered to the customer.
- D. When the goods are ordered by the customer.

[1]

6. Which of the following **best** describes purchases?

- A. Goods bought for resale.
- B. Goods for which payment has been made.
- C. Items bought for use within the business.
- D. Items bought on credit.

[1]

7. In which sequence are documents used by a business when it purchases goods on credit?

- A. cheque received, invoice issued, cheque paid
- B. invoice issued, cheque paid, invoice received
- C. order submitted, invoice received, cheque paid
- D. order submitted, invoice received, cheque received

[1]

8. What is the difference between the treatment of Discounts Allowed and Discounts Received in the accounting records?

	<b>Discounts Allowed</b>	<b>Discounts Received</b>
A	given for credit transactions	given for cash transactions
B	treated as an expense	treated as income
C	deducted from amounts paid	added to amounts owed
D	given by customers	given to suppliers

[1]

9. What is prevented by the creation of a provision for bad debts?

- A. Assets being overstated.
- B. Expenses being overstated.
- C. Liabilities being understated.
- D. Revenue being understated.

[1]



Questions 10 to 12 are based on the following information provided by a trader for the year ended 31st December 2016:

	\$
At 1st January, 2016:	
Stock	5 000
Capital	25 250
At 31st December 2016:	
Land	30 725
Fixtures & Fittings (Net Book Value)	2 000
Equipment (Net Book Value)	3 500
Cash	275
Stock	1 500
Debtors	7 000
Creditors	15 700
Accrued Wages	725
Prepaid Rent	500
For the year ended 31st December 2016:	
Gross Profit	5 750
Expenses	675
Drawings	1 250

10. What is the Capital figure at the end of the year?

- A. \$24 000
- B. \$25 250
- C. \$29 075
- D. \$29 750

[1]

11. What is the total amount of Fixed Assets at the start of the next year?

- A. \$30 725
- B. \$34 225
- C. \$36 225
- D. \$37 725

[1]



12. What is the total amount of Current Assets at the beginning of the new year?
- A. \$8 775
  - B. \$9 275
  - C. \$12 750
  - D. \$12 775
- [1]
13. Given desired cash float of \$200, if \$146 is spent in the period, how much will be reimbursed at the end of the period?
- A. \$54
  - B. \$146
  - C. \$200
  - D. \$254
- [1]
14. What is a Bank Reconciliation Statement?
- A. A document drawn up by the bank to verify the customer's cash book balance.
  - B. A document drawn up by a trader to show why his cash book balance is different from the bank statement balance.
  - C. A document sent by the bank when the customer's account is overdrawn.
  - D. A document sent by the bank when the customer has made an error.
- [1]
15. Toni Black, the Accounts Manager, asked you to post credit sales of \$550 from the Journal to the relevant Ledger accounts. How would you record this transaction?
- A. Debit Sales Account and credit Sales Journal \$550
  - B. Debit Sales Account and credit Sales Ledger accounts \$550
  - C. Debit Sales Journal and credit Sales Account \$550
  - D. Debit Sales Ledger accounts and credit Sales Account \$550
- [1]



16. Sam Bain made a Net Profit of \$12 400. Sales were \$35 000 and Expenses were \$8 000.

What was his Cost of Sales?

- A. \$14 600
- B. \$20 400
- C. \$22 600
- D. \$27 000

[1]

17. Why does the owner of a business calculate profit?

- A. To compare the Cash Book balance with the balance on the Bank Statement.
- B. To determine how much money may be taken as drawings without reducing capital.
- C. To find out how much debtors owe him.
- D. To find out how much he owes to creditors.

[1]

18. Peter provides the following information at the end of his first year of trading:

	\$
Sales	75 000
Purchases	48 000
Delivery Charges	1 700
Delivery Expenses	4 100
Closing Stock	5 200

What is Peter's Gross Profit?

- A. \$16 000
- B. \$26 400
- C. \$27 000
- D. \$30 500

[1]



19. Which of the following statements is **incorrect**?
- A. Assets are decreased when the business pays for the delivery of supplies to a customer.
  - B. Assets are increased when interest is received on a business' bank account.
  - C. Assets are negatively affected when the business pays for cell phone usage by its manager.
  - D. Assets remain the same when the owner takes funds from the business' bank account for a family vacation. [1]
20. Jim Smith operates a small grocery store in Exuma and would like to expand his business. Which of the following would be a Capital Expenditure for him?
- A. Advertisement in the Tribune on the expansion with the purchase of another store.
  - B. Airfare to travel to Nassau to buy goods for the new store.
  - C. Legal fees on the purchase of the building for the new location of the second store.
  - D. Staff recruitment and training for the new store. [1]
21. Which of the following is a Capital Receipt?
- A. Discount Received.
  - B. Interest received from a bank account.
  - C. Proceeds from sale of an office computer desk.
  - D. Sales income. [1]
22. Which of the following is **TRUE** of a Suspense Account?
- A. It is not a part of the double entry system.
  - B. It is prepared before the Trial Balance.
  - C. It is prepared when the trial balance does not agree.
  - D. Its balance is transferred to the Profit and Loss Account. [1]





23. The Purchases Journal was under-cast by \$100. How is this error corrected?
- A. Debit Purchases Account and credit Suspense Account
  - B. Debit Suspense Account and credit Trading & Profit & Loss Account
  - C. Debit Suspense Account and credit Purchases Account
  - D. Debit Trading & Profit & Loss Account and credit Suspense Account [1]
24. The Revaluation Method of depreciation is most suitable for which of these assets?
- A. filing cabinets
  - B. hand tools
  - C. delivery trucks
  - D. office printers [1]
25. A business purchases office equipment for \$4 800. It is estimated that it will have a useful life of 5 years and a residual value of \$900. Straight line depreciation is charged each year.
- What is the Net Book Value at the end of Year 2 (TWO)?
- A. \$1 680
  - B. \$2 460
  - C. \$3 240
  - D. \$4 020 [1]



26. A cement mixer is purchased on 1st June 2015 at a cost of \$350 000. It has an estimated residual value of \$50 000 at the end of its 5 year life and is to be depreciated on a reducing balance basis at the rate of 40% each year.

What is the Depreciation charge for the year ending 31st May 2017 (to the nearest \$)?

- A. \$72 000
- B. \$84 000
- C. \$120 000
- D. \$140 000

[1]

27. Joseph Curtis' electricity bill as of 30th April, 2017 was \$500. If he paid \$1 000 on 1st May, 2017 what does this mean?

- A. Curtis owes \$500.
- B. Curtis prepaid \$500.
- C. Curtis owes \$1 000.
- D. Curtis prepaid \$1 000.

[1]



28. A business agreed to pay quarterly instalments of \$630 for annual insurance coverage. Unfortunately, it was unable to make all payments at the appointed time. Details were:

Amount	Insurance due	Payment made
\$630	1st January 2016	\$630 28th February 2016
\$630	1st April 2016	
\$630	1st July 2016	\$1 260 31st August 2016
\$630	1st October 2016	\$1 260 18th November 2016

How much should be transferred to the Profit & Loss Account for Insurance for the year ended 31st December 2016?

- A. \$630
- B. \$1 200
- C. \$2 520
- D. \$3 150

[1]

29. Sue Smith starts a consulting firm. She purchases a desktop computer for use in her home office and pays for it from the business' bank account. Which accounting principle (concept) is Ms. Smith violating?

- A. Business Entity
- B. Going Concern
- C. Historical Cost
- D. Objective Evidence

[1]

30. Which accounting principle implies that the skills of an employee should **NOT** be recorded in the books?

- A. Consistency
- B. Matching Expenses with Revenue
- C. Money Measurement
- D. Realisation of Revenue

[1]

**TOTAL MARKS [30]**

