

PAPER 2 TEST 2

MARKS: 100

TIME: 1 HOUR AND 45 MINUTES

**NOTE: SOFP of last question is not included in test.
But, make sure to practice it after test**

1 Faara had the following assets and liabilities on 1 May 2015.

	\$	
Inventory	2850	
Trade receivable – Jaafar	600	
Other payables – Electricity	200	
Bank	450	Credit
5% Bank loan (30 September 2020)	5000	
Motor vehicle	4500	

REQUIRED

(a) Calculate Faara's capital.

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The following transactions related to the account of Jaafar for the month ended 31 May 2015.

- May 4 Sold goods to Jaafar, list price \$1500, allowed 15% trade discount.
- 5 Jaafar returned goods purchased on 4 May, list price \$120.
- 16 Jaafar paid the amount owing on 1 May by cheque and was allowed 2% cash discount.

REQUIRED

- (b) Prepare the ledger account of Jaafar for the month of May 2015. Balance the account and bring down the balance on 1 June 2015.

Jaafar account

Date	Details	\$	Date	Details	\$

[5]

- (c) State **two** possible reasons why Faara allowed trade discount to Jaafar.

- 1
- 2[2]

The following information related to the electricity account for the month ended 31 May 2015.

- May 17 Paid for electricity by cheque \$440.
- 31 Prepared the income statement. It was estimated that \$55 was owed for electricity at that date.

REQUIRED

- (d) Prepare the electricity account for the month of May 2015. Balance the account and bring down the balance on 1 June 2015.

Electricity account

Date	Details	\$	Date	Details	\$

[5]

- (e) Name the accounting concept applied to the calculation of electricity expense when preparing the income statement at 31 May 2015.

.....[1]

- (f) Complete the following table for the transactions shown. Name the source document prepared by Faara and the book of prime entry used, and state the effect of the transaction on her capital. The first item has been completed as an example.

		Source document	Book of prime entry	Effect on owner's capital (\$)
May 9	Sold goods on credit for \$900, (cost \$600).	<i>Sales invoice</i>	<i>Sales journal</i>	+300
14	Customer returned goods, bought by him on 9 May for \$300.			
21	Paid wages in cash \$150.			

[6]

(Total: 20)

Q2) Alif is a trader. He does not maintain a full set of accounting records but the following information is available.

1 Summarised bank transactions for the year ended 31 March 2016

Receipts	\$	Payments	\$
Trade receivables	32 000	Trade payables	29 000
Cash sales banked	7 400	Purchase of equipment	2 500
Interest receivable	600	Rent	8 000
		Other operating expenses	6 500

2 All cash sales were banked on the day of receipt with the exception of the following which were paid out of cash receipts.

	\$
Wages	9 000
Drawings	11 500

3 Balances at:

	1 April 2015	31 March 2016
	\$	\$
Equipment (net book value)	11 000	10 500
Inventory	12 000	11 500
Trade receivables	17 600	18 350
Trade payables	9 750	7 950
Wages owing	300	450
Rent prepaid	500	700
Bank	3 950 Debit	?
Capital	35 000	?

REQUIRED

(a) Calculate, for the year ended 31 March 2016, the value of the following:

(i) revenue (sales)

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(ii) purchases.

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3) GHB Limited maintains a full set of accounting records and prepares monthly control accounts.

The following information was provided for November 2019.

	\$
Purchases ledger control account balance at 1 November	?
Totals for November:	
Purchases journal	14 200
Purchases returns journal	1 160
Cash purchases	5 390
Commission receivable	2 110
Cash discount received	650
Cash discount allowed	710
Cheques paid to trade payables	11 420
Sales ledger contra	250
Interest charged by trade payables	95
Cheque refunds from trade payables	330
Purchases ledger control account balance at 30 November	13 195

REQUIRED

a) Prepare the purchases ledger control account for GHB Limited for November 2019.

Balance the account on 30 November 2019 and bring down the balance on 1 December 2019.

GHB Limited
Purchases ledger control account

Date	Details	\$	Date	Details	\$
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A delivery vehicle was purchased by cheque during November 2019.

REQUIRED

b) State **two** reasons why the purchase of the delivery vehicle was **not** recorded in the purchases ledger control account.

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- 2
..... [2]

c) (i) State the **most appropriate** method of depreciation for the new delivery vehicle.

..... [1]

(ii) State **three** reasons for your answer to (c) (i).

- 1
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- 2
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- 3
..... [3]

Carriage costs for roof tiles for new extension		
Legal costs for new extension		
Repairs to office roof		

[4]

Provision for depreciation of fixtures account

Date	Details	\$	Date 2020 Jan 1	Details	\$
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[8]

(d) Prepare the fixtures disposal account for the year ended 31 December 2020.

Ahmed
Fixtures disposal account

Date	Details	\$	Date	Details	\$
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[3]

Workings:

[Total: 20]

Q5 Suria is in business as a sole trader. The following balances were extracted from her books on 31 March 2016.

	\$	
Revenue	287 000	
Purchases	143 800	
Returns inwards	3 150	
Inventory at 1 April 2015	15 340	
Capital	70 000	
Drawings	28 000	
Leasehold premises at cost (25 year lease)	100 000	
Computers at cost	44 000	
Office furniture at cost	15 500	
Provisions for depreciation:		
Leasehold premises	7 000	
Computers	16 600	
Office furniture	12 000	
Wages and salaries	26 500	
Computer maintenance	12 200	
Commission receivable	4 900	
Rent and rates	10 000	
Provision for doubtful debts	910	
6% Bank loan (repayable 30 June 2016)	40 000	
Bank interest paid	1 500	
Heat and light	7 300	
Advertising	12 600	
General expenses	8 700	
Cash and bank	520	Debit
Trade payables	18 600	
Trade receivables	27 900	

Additional information at 31 March 2016

- 1 Inventory was valued at \$17 990.
- 2 Commission receivable of \$1400 was outstanding.
- 3 Advertising included a payment of \$5700 for a series of advertisements being published in the six months ending 31 July 2016.
- 4 General expenses accrued were \$2400.
- 5 A computer costing \$8000 had been recorded in the computer maintenance account.
- 6 Depreciation is to be charged on all non-current assets owned at the end of the year as follows:
 - (i) an appropriate amount on the leasehold premises
 - (ii) computers at the rate of 25% per annum using the diminishing (reducing) balance method
 - (iii) office furniture at the rate of 10% per annum using the straight-line method.
- 7 Trade receivables of \$1900 are irrecoverable. The provision for doubtful debts is to be maintained at 4%.

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