ZHONGHUA SECONDARY SCHOOL
PRELIMINARY EXAMINATION 2024
SECONDARY 5 NORMAL ACADEMIC

Candidate Name	Class	Register Number

PRINCIPLES OF ACCOUNTS 7087/01

Paper 1

28 August 2024
1 hour

READ THESE INSTRUCTIONS FIRST

Write your name, class and register number on all the work you hand in.

Write in dark blue or black pen on both sides of the paper.

You may use a soft pencil for any rough working.
Do not use paper clips, glue or correction fluid.

Answer **all** questions.

You may use a calculator.
The businesses mentioned in this question paper are entirely fictitious.
Where the columnar format is used, the running balance column should be updated for the first and last entries. Where applicable, the balance should be brought down to the next financial year.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

For examiner's Use:	
Question	Score
1	**/ 15**
2	**/ 9**
3	**/ 16**
Total	**/ 40**

Setter: Mr John Kok

Vetters: Ms Teo Jing Zhi & Ms Destiny See

This question paper consists of **8** printed pages (including this cover page)

[Turn over

Downloaded from SingaKids.com

Answer **all** questions.

1 Tylo Ltd buys and sells sunglasses. Its financial year ends on 31 March**.**

REQUIRED

(a) State the first step in the manual accounting information system.

……

……[1]

(b) State and explain the accounting concept that makes the first step of the accounting information system a requirement.

……

……

……

……

……

……

……

……[2]

(c) Tylo Ltd, being the pioneer in the industry, wants to record its reputation as an asset, as people associate Tylo Ltd with sunglasses. As an accountant of Tylo Ltd, state and explain, with reference to an accounting theory why this should not be done.

……

……

……

……

……

……

……

……

……

……[2]

Downloaded from SingaKids.com

After preparing the statement of financial performance for the year ended 31 March 2024, the accountant of Tylo Ltd found the following errors.

1 Cheques paid to Jackson LLP was debited to Jason Ltd amounting to $2 000.

2 A cheque of $400 was received from Lim Pte Ltd in full settlement of an outstanding amount of $450. The discount was missed out in the records.

3 A commission income of $700 by cheque was debited to the commission income account and credited to the cash at bank account.

The loss for the year before the discovering of the errors was $522.

(d) Prepare journal entries to correct for each of the above errors. Narrations are **not** required.

General Journal

……

……

……

……

……

……

……

……

……

……

……

……

……

……

……

……

……

……

…… [6]

[Turn over

Downloaded from SingaKids.com

(e) Prepare a statement to show the adjusted profit for the year ended 31 March 2024.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [4]

[Total: 15]

Downloaded from SingaKids.com

2 Chic Co, a business owned by Glenda, selling computers, had the following balances in the inventory account as at 30 April 2024.

Inventory account				
Date	**Particulars**	**Debit**	**Credit**	**Balance**
		$	**$**	**$**
2023				
May 1	Balance b/d			60 000 Dr
May 21	Hipster & Co	35 000		95 000 Dr
Jul 8	Cash at bank	2 000		97 000 Dr
Aug 31	Advertising		3 000	94 000 Dr
Sep 11	Cost of sale		10 000	84 000 Dr
Nov 12	Flora Prints	42 000		126 000 Dr
2024				
Jan 22	Cost of sale		25 000	101 000 Dr
Feb 8	Cost of sale		48 000	53 000 Dr
Mar 12	Drawings	1 000		54 000 Dr
May 1	Balance b/d			54 000 Dr

REQUIRED

(a) Interpret the transactions that took place on the following dates.

(i) May 21

……

……

……

…… [1]

(ii) August 31

……

……

……

…… [1]

[Turn over

Downloaded from SingaKids.com

(b) Identifying **one** error in the inventory account entries and explain why it is an error.

……

……

……

……

…… [2]

(c) Calculate the inventory level on 30 April 2024 after correcting for the error in **(b)**.

……

……

……

……

…… [1]

(d) Calculate the cost of sales and hence the day sales in inventory for the year ended 30 April 2024.

……

……

……

……

……

……

……

……

……

…… [3]

(e) Briefly describe what does the answer to **(d)** mean.

……

……

……

…… [1]

[Total: 9]

Downloaded from SingaKids.com

3 On 1 October 2021, Highway Trading took up a bank loan of $40 000. The loan is to be repaid equally over ten years. Interest is charged at 5% per annum.

The loan instalment and interest are to be repaid on 30 September every year by bank transfer.

On 1 April 2023, Highway Trading who is in need for cash took up another loan of $20 000. This loan is to be repaid over five years. Interest is charged at 6% per annum.

The instalment and interest for this loan are to be repaid on 31 March every year by bank transfer.

Highway Trading has a financial year ending on 31 December.

REQUIRED

(a) Prepare the interest expense account for the financial years ending 31 December 2022 and 2023.

Interest expense

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [8]

[Turn over

Downloaded from SingaKids.com

(b) Prepare an extract of the statement of financial position as at 31 December 2023, **showing only the liabilities sections.**

Highway Trading

Statement of financial position as at 31 December 2023 (extract)

……

……

……

……

……

……

……

……

……

……

…… [5]

(c) In July 2024, Highway Trading has been facing financial challenges. Explain using an accounting theory, why the company still need to prepare yearly financial records despite the financial difficulties they are facing.

……

……

……

……

……

……

……

……

……

……

……

……

…… [3]

[Total: 16]

End of Paper 1

Downloaded from SingaKids.com