ZHONGHUA SECONDARY SCHOOL
PRELIMINARY EXAMINATION 2024
SECONDARY 5 NORMAL ACADEMIC

Candidate's Name	Class	Register Number

PRINCIPLES OF ACCOUNTS 7087/02

INSERT

9 September 2024
2 hours

READ THESE INSTRUCTIONS FIRST

This insert contains the data for Question 1.

Setter: Mr John Kok

Vetter: Ms Teo Jing Zhi & Ms Destiny See

This question paper consists of **3** printed pages (including this cover page)

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Data for Question 1

1 The following balances were extracted from the books of Desire Diamonds on 30 June 2024.

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Capital	249 520
Cost of sales	60 700
Sales revenue	170 270
Sales returns	9 000
Advertising	22 700
Salaries and wages	51 050
Loan interest	1 200
General expenses	10 380
Rent income	18 000
Trade receivables	31 950
Trade payables	20 650
Discount allowed	4 800
Discount received	1 440
8% Bank loan	50 000
Cash at bank	15 700
Inventory	10 300
Fixtures and fittings	72 000
Plant and equipment	288 000
Accumulated depreciation:	
Fixtures and fittings	12 000
Plant and equipment	50 900
Allowance for impairment of trade receivables	5 000

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Additional information

1 A fire broke out and destroyed 30% of the inventory on 25 June 2024. Insurance claim was filed and agreement of reimbursement of $0.40 to every dollar of goods destroyed was made on 30 June 2024. No records were made with regard to this. After a full stock check, the market value of the inventory on 30 June 2024 amounted to $6 500.

2 The rent income covered an 18 months period ending 31 December 2024.

3 Salaries and wages amounted to $5 000 per month.

4 A sales invoice with a list price of $1 000 was not recorded even though the cost of goods portion was recorded. There was a trade discount of 5% for this transaction.

5 Fixtures and fittings was to be depreciated at 10% per annum using the straight-line method.

6 Plant and equipment was to be depreciated at 5% per annum using the reducing-balance method.

7 Single Strength, a trade receivable, went bankrupt and its debt of $3 000 was to be written off.

8 A review at year end estimated that 5% of the trade receivables was uncollectible.

9 The 5-year 8% bank loan was taken up on 1 January 2024. The loan and interest are payable every year on 1 January.

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