

1. J. Bain owned a convenience store for a number of years but has never kept any proper financial records of his business. He has applied for a bank loan and his bank manager has requested details of his assets and liabilities to verify the profit he quoted on his application. Mr. Bain provided the following information:

	<i>January 1, 2006</i>	<i>December 31, 2006</i>
	\$	\$
Furniture	10 000	<i>To be calculated</i>
Bank Balance	4 700	2 950
Stock of goods	1 490	2 000
Machinery	12 000	<i>To be calculated</i>
Owing to Suppliers	9 450	7 125
Debtors	19 600	18 000
Cash in Hand	900	400

Mr. Bain wants to depreciate his fixed assets by 10% per annum and make a 5% provision for Bad Debts. He has withdrawn \$8 000 worth of goods from the business for his personal use during the year.

You are required to:

- A. Calculate Bain's Net Profit/Net Loss for the year. [4]
- B. Prepare Bain's Balance Sheet as at the end of the year. [16]

Total Marks [20]

3. The New Providence Sports Club shows the following balances at 1 January, 2006:

	\$
Balance at the bank	362
Sports drinks	140
Subscriptions due from previous year	55
Furniture	590
Rent (prepaid)	20
Creditors for sports drinks	100

A summary of their Receipts and Payments account for the period ended 31 December, 2006 shows the following:

RECEIPTS	\$	PAYMENTS	\$
Subscriptions	970	Insurance	43
Sales of sports drinks	2 135	Rent	735
Sale of old furniture	87	Dance Expenses	314
Dances	416	New furniture	160
Donations	132	Creditors for drinks	1 861
		Wages	519
		Postages	17
		Electricity	111

NOTES:

1. Subscriptions due at 31 December, 2005 amounts to \$67.
2. The old furniture sold had a book value of \$112.
3. Depreciation for the year of \$49 is to be applied to the furniture.
4. Sports drinks at 31 December, 2006 were valued at \$215.
5. There were outstanding amounts due to creditors for sports drinks \$85 and electricity \$13 at 31 December, 2006.

YOU ARE REQUIRED TO:

- A. Show the calculation of profit on sports drinks for the period ended 31 December, 2006. [5]
- B. Draw up the Income and Expenditure Account at 31 December, 2006 showing clearly a Surplus or Deficit. [10]
- C. Calculate the Accumulated Fund as at 31 December, 2006. [5]

Total Marks [20]

[Turn over

1. Examine the Receipts and Payments Account of the Eastern Sailing Club for the year ended 31 July, 2007.

EASTERN SAILING CLUB
RECEIPTS & PAYMENTS ACCOUNT
Year Ended 31 July 2007

RECEIPTS	\$	PAYMENTS	\$
Balance at bank b/d	840	Rent of rooms	1 800
Subscriptions	11 240	Wages of caretaker	6 500
Entrance fees	500	Purchase of boat weights	2 800
Sale of old weights	7 600	Sale day advertising	2 050
Sale of refreshments	2 980	Refreshment supplies	6 640
		Secretary's salary	1 200
		Balance at bank c/d	<u>2 170</u>
	<u>23 160</u>		<u>23 160</u>

YOU ARE REQUIRED TO:

- A. Write each item (except Balance at the bank) in the space provided and say:
- whether or not that item should be found in the **INCOME & EXPENDITURE** Account. [10]
 - State which items should be shown as income and which items should be shown as expenditure. [5]
- B. What is the "Balance at bank b/d" and where is it shown in the accounts? [2]
- C. What happens to the Balance at bank c/d and where should it be found? [2]
- D. What name is given to a **DEBIT** balance (closing) of the **INCOME & EXPENDITURE** Account. [1]

Total marks [20]

2 The following is P. Stuart's bank summary for the year ended 31 December 2007.

	\$		\$
<i>Balance 1-1-2007</i>	<i>500</i>	<i>Rent</i>	<i>1 700</i>
<i>Receipts from debtors</i>	<i>40 000</i>	<i>Utilities</i>	<i>900</i>
		<i>Payments to creditors</i>	<i>30 000</i>
		<i>Sundry Expenses</i>	<i>450</i>
		<i>Drawings</i>	<i>7 000</i>
		<i>Balance 31-12-2007</i>	<i>450</i>

Mr. Stuart banked all receipts from debtors except \$10 000. Out of this amount, he took \$1 000 for personal use, purchased goods for \$3 000 and paid wages of \$6 000.

The following additional information is provided:

	31 December 2006	31 December 2007
	\$	\$
<i>Stock</i>	<i>14 000</i>	<i>16 000</i>
<i>Debtors</i>	<i>10 000</i>	<i>9 000</i>
<i>Equipment</i>	<i>3 000</i>	<i>2 500</i>
<i>Creditors</i>	<i>6 000</i>	<i>8 000</i>
<i>Rent prepaid</i>	<i>300</i>	<i>400</i>
<i>Utilities accrued</i>	<i>250</i>	

YOU ARE REQUIRED TO:

- A. Calculate **PURCHASES** and **SALES** for the period. [4]
- B. Calculate **OPENING CAPITAL** balance. [4]
- C. Show the **TRADING & PROFIT & LOSS** Accounts for the year ended 31 December 2007. [7]
- D. Prepare a **BALANCE SHEET** as at 31 December 2007. [5]

Total Marks [20]

6. On 1 January, 2003, Q. Bell had the following balances on his books: Building \$60 000, Furniture \$8 900, Stock \$8 300, Debtors \$8 910, Creditors \$7 900, Cash at Bank \$9 290, and Capital \$74 500. Bell, who does not keep full accounting records, also had the following information available for the year:

	\$
Cash paid into bank from sales	29 320
Cheques received from customers	17 900
Cheques paid to suppliers	17 320
Discounts Allowed	550
Discounts Received	541
Cheques drawn for personal use	9 500
Cheques drawn for other expenses	8 125

The following balances were also available as at 31 December 2003: Stock \$11 300, Creditors \$6 900, and Debtors \$10 300.

YOU ARE REQUIRED TO:

- (a) Prepare the Debtors total account and the Creditors total account so as to show calculation of *CREDIT SALES* and *CREDIT PURCHASES* for the period. [14]
- (b) What is the amount of total Sales for the period? [2]

Total marks [16]

4. Rita Bastian had all of her stock stolen from her warehouse on 07 June, 2002. However, her Debtors and Creditors ledgers were salvaged. The following information was obtained:

- (a) Receipts from Debtors for April – 07 June, 2002 amounted to \$33 000. Debtors at 31 March, 2002 amounted to \$17 000, and 07 June, 2002 \$14 000.
- (b) Stock known from the last Balance Sheet March 31, 2002 was \$15 000 at cost.
- (c) Payment to creditors for the period April – 07 June, 2002 were \$20 000 and amounts owing for 31 March were \$10 000 and for 07 June, \$9 000.
- (d) Margin on Sales is kept at 25%.

YOU ARE REQUIRED TO:

- (i) Calculate Sales. [4]
- (ii) Calculate Purchases. [4]
- (iii) Draw up her Trading Account to determine the value of stock stolen. [8]
- (iv) Ascertain the total amount of profit & loss expenditure that Bastian must **NOT** exceed if she is to maintain a net profit of 10% on Sales. [4]

Total marks [20]

5. Trevor Petty has the following records for use in the preparation of his reports.

	1 January, 2001	31 December, 2001
	\$	\$
Trade debtors	428	386
Stock	1 368	1 294
Prepayments	23	29
Bank Overdraft	210	-
Bank	-	117
Motorbike	520	416
Equipment	340	323
Trade Creditors	989	1 037
(Expense) Creditors	17	14

Additional details include the following:

- (a) \$38 Bad Debts are to be recognized for the year.
- (b) A provision of \$39 for Doubtful Debts must be made.
- (c) Petty withdrew \$90 each month for personal use.
- (d) Petty won a Lotto prize and decided to pay \$200 of the proceeds into the business' bank account on 31 December.

You are required to:

Prepare a statement showing Profit or Loss made for the year 2001. [15]

Total Marks [15]

5. Mr. James Heastie is a dry goods merchant who does not keep proper, detailed accounting records. Based on information obtained from him, the following balances were arrived at on 31 March, 1999.

	1 April, 1998	31 March, 1999
Debtors	16,000	22,000
Creditors	12,000	14,000
Premises	200,000	200,000
Bank	50,000	7
Stock	18,000	24,000
Accrued Wages	5,000	3,000
Prepaid Insurance	2,000	—
Motor Vehicles	35,000	30,000

BANK STATEMENT

Balance 1-4-98	50,000	Payments to suppliers	58,000
Receipts from customers	94,000	Wages	30,000
Cash Sales	20,000	Repairs	5,000
		Rent	15,000
		General Expenses	20,000
		Insurance	8,000
		Balance 31-3-99	28,000
	<u>164,000</u>		<u>164,000</u>

From the information provided, you are required to:

- (i) Calculate the Purchases for the year. [5]
- (ii) Calculate the Sales for the year. [6]
- (iii) Calculate the Wages Expense for the year. [3]
- (iv) Calculate the Insurance Expense for the year. [2]
- (v) Use the opening and closing balances given to determine the Net Profit/Loss for the year. [7]

Total marks [23]

5. The following is the financial position of the Bain Town Social Club at 31 May 1995.

	\$
Clubhouse	80,000
Equipment	30,000
Stock of refreshments	1,800
Subscriptions in arrears 1994/95	240
Subscriptions in advance 1995/96	80
Cash at bank	2,600
Electricity owing	560
Insurance prepaid to 31 August 1995	120

The Receipts and Payments below is a summary for the year ended 31 May 1996.

Receipts	\$	Payments	\$
Subscriptions 1994/95	240	Purchase of Refreshments	7,400
Subscriptions 1995/96	20,400	Electricity	560
Subscriptions 1996/97	60	Wages	9,200
Sale of refreshments	12,800	Electricity	1,230
Sale of unwanted equipment	2,400	Advertising	2,400
		Purchase of Equipment	8,000
		Insurance to 31 August 1996	600

The following information must also be taken into account for the year ended 31 May 1996.

- The book value of the equipment sold was \$2,000.
- Equipment including additions is to be depreciated by 20% per annum.
- Stock of refreshments at 31 May 1996 amounted to \$1,600.

You are required to:

- Calculate the Accumulated Fund at 1 June 1995. [3]
- Prepare an Income and Expenditure Account for the year ended 31 May 1996. (Show the profit or loss on refreshments.) [9]
- Prepare the club's balance sheet as at 31 May 1996. (Calculate the closing bank balance.) [9]

Total marks [21]-