



**DEPARTMENT OF
EDUCATION**

**UPPER SECONDARY
SCHOOL CERTIFICATE
EXAMINATIONS**

Accounting

Tuesday

27 October 2015

Time allowed:

2 hours and 30 minutes

(11:30am – 2:00 pm)

NO EXTRA TIME

(NO OTHER TIME)

Candidates are advised to fully
utilise the allocated time

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INSTRUCTIONS TO CANDIDATES

To be read by the external invigilator to all candidates.

1. The subject code for Accounting is **12**.
2. There are **15** printed pages in the question booklet. An electronic answer sheet for part A and **9** paged answer booklet for part B are inserted in the question booklet.
3. There are two parts in this paper. Answer all questions.

Part A: Multiple Choice (Questions 1-30) 30 Marks

This part will be electronically marked.

All answers to the Multiple Choice Part A **MUST** be answered on the **ELECTRONIC ANSWER SHEET** provided.

Carefully following the instructions, fill in your Candidate Information and Subject Information.

If you make a mistake, rub the shading out completely using an eraser and shade in your alternative clearly.

Part B: Short Answer (Questions 31- 40) 70 Marks

Write down your name, your school name and complete your 10 digit candidate number on the Part B Answer Sheet provided.

4. You are required to only write the correct answer in the space provided.
5. Calculators may be used.
6. Answer all questions on the answer sheet. Answers on any other paper including rough work paper and the question paper will not be marked.
7. Correction fluid is not allowed on the answer sheet. Where you have made an error, cross out all the working and start on a new line.

Penalty For Cheating Or Assisting To Cheat In National Examinations Is Non-Certification.

**DO NOT TURN OVER THE PAGE
AND DO NOT WRITE
UNTIL YOU ARE TOLD TO START.**

PART A: MULTIPLE CHOICE (QUESTIONS 1 to 30) 30 MARKS

Answer each question by shading in with HB pencil the circle directly below the correct alternatives A, B, C or D on the electronic ANSWER SHEET provided.

If you make a mistake, erase the shading completely with an eraser and shade in your alternative clearly.

QUESTION 1

Which of the following is used by small businesses to extract information to prepare profit and loss statement (Income Statement) under single entry accounting?

- A. Cash book
- B. Cheque butts
- C. Invoices
- D. Cash receipts

QUESTION 2

When preparing a bank reconciliation statement, Joshua found out that a cheque issued to a creditor has not been presented to the bank for payment.

Which of the following action is required?

- A. Deduct the value of the cheque from cash payments journal.
- B. Include the value of the cheque in bank reconciliation statement.
- C. Advice the bank to debit the cheque.
- D. Wait until the cheque is presented.

QUESTION 3

Which of the following correctly describes the need for a petty cash system in business entities.

- A. To distribute cash payments between petty cashier and chief cashier.
- B. To employ a petty cashier.
- C. To use petty cash vouchers for every payment.
- D. To pay small cash payments without delay.

QUESTION 4

Which of the following is used to make entries in petty cash book?

- A. Cheque butts and invoices
- B. Cash receipts and petty cash vouchers
- C. Reimbursement cheque and petty cash vouchers
- D. Invoices and petty cash vouchers.

QUESTION 5

Which of the following describes the effect of cash drawing by the owner?

	<u>Assets</u>	<u>Liability</u>	<u>Owner's Equity</u>
A.	+	+	
B.	+		+
C.	-		-
D.	+ -		

QUESTION 6

A sole trader uses the same accounting method of depreciation for assets every year continually.

Which of the following accounting principle is the entity applying?

- A. Accrual
- B. Consistency
- C. Going concern
- D. Monetary

QUESTION 11

Cash at Bank

2015 July		K	2015 July		K
1	Capital	25 000	1	Purchases	2 000
2	Sales	5 000	3	Office furniture	4 000
3	Debtor-Kuri	1 000	4	Rent	500
			5	Purchases	1 000

Which of the following is the cash at bank account balance at 5 July 2015.

- A. K 22 500 B. K 24 500 C. K 31 000 D. K 23 500

QUESTION 12

Which of the following statements best describes a trial balance?

- A. A statement of assets, liabilities and owners equity at a given date.
- B. A list of account balances of a business at a given date showing debit and credit balances in two separate columns.
- C. A statement showing list of ledger accounts and corresponding numbers.
- D. A statement showing cash receipts and payments for a period with two separate columns.

QUESTION 13

Which of the following shows the normal balance for each group?

- | | <u>Asset accounts</u> | <u>Liability accounts</u> | <u>Expense accounts</u> |
|----|-----------------------|---------------------------|-------------------------|
| A. | Dr | Dr | Cr |
| B. | Dr | Cr | Dr |
| C. | Cr | Dr | Cr |
| D. | Dr | Cr | Cr |

QUESTION 14

Paul returns goods previously purchased from Peter.

Where will this transaction be recorded in Paul's accounting record?

<u>Journal</u>	<u>Ledger</u>
A. Purchases Journal	Debit purchases returns account
B. Purchases returns journal	Credit purchases returns accounts
C. Purchases returns journal	Debit purchases returns accounts
D. Sales returns journal	Credit sales returns journal

QUESTION 15

Which of the following describes double entry accounting correctly?

- A. Recording every transaction into two accounts.
- B. Recording every transaction in at least every two ledger accounts.
- C. Recording every transaction in a journal and two or more ledger accounts.
- D. Recording every transaction in two or more accounts with equal debits and credits.

QUESTION 16

Which journal does a cheque butt provide transaction details for?

- | | |
|--------------------------|--|
| A. Purchases Journal | B. Purchases Returns and Allowance Journal |
| C. Cash Payments Journal | D. Cash Receipts Journal |

QUESTION 17

Where do you record details from a credit note received?

- | | |
|---------------------|---|
| A. Purchase Journal | B. Purchase Returns and Allowance Journal |
| C. Sales Journal. | D. Sales Returns and Allowance Journal |

QUESTION 18

Which transaction will be recorded in a specialised journal?

- A. A dealer of heavy equipment sold a 10 ton roller to a construction company.
- B. A construction company sold its old roller to another construction company.
- C. A stationary quotation sent by a stationary supplier to a secondary school.
- D. An entity issued a Petty Cash Voucher to buy the morning newspaper.

QUESTION 19

What will be the effect of a debit entry to a debtors account in a Subsidiary Ledger?

- A. The corresponding entry appears in the debit side of the debtors control account in the General Ledger.
- B. The corresponding entry appears in the credit side of the debtors control account in the General Ledger.
- C. The corresponding entry appears in the debit side of the debtors control account in the Subsidiary Ledger.
- D. The corresponding entry appears in the credit side of the debtors control account in the Subsidiary Ledger.

QUESTION 20

Which explanation justifies having a narration for every entry in the general journal?

- A. General journal is a specialised journal for specialised transaction only.
- B. General journal is for recording various types of transactions.
- C. General journal is for recording only credit transactions.
- D. General journal is for recording non-cash transactions.

QUESTION 21

What is the advantage of having subsidiary ledgers besides the general ledger?

- A. It reduces a lot of entries in the general ledger.
- B. It divides work for keeping ledger accounts.
- C. It keeps a control on the accounts by way of comparing two sets of accounts.
- D. It ensures all the transactions are recorded in the general ledger.

QUESTION 22

On the balance day, the wages account had a balance of K 3 500. It was also revealed that another K 1 500 was due but not paid.

How much is the wages expense for that year?

- A. K 5 000
- B. K 3 500
- C. K 2 000
- D. K 1 500

QUESTION 23

Which assumption is the balance day adjustment related to?

- A. The Going Concern Assumption
- B. The period Assumption
- C. The Cost Assumption
- D. The Accounting Entity Assumption

QUESTION 24

What is the correct treatment for a prepayment when preparing financial statements?

- A. Treat it as a liability and include it in the balance sheet.
- B. Treat it as an expense and include it in the profit and loss statement.
- C. Treat it as revenue and include it in the profit and loss statement.
- D. Treat it as an asset and include it in the balance sheet.

QUESTION 25

Which of the following principles is applied in determining a profit or a loss?

- A. Matching Principle
- B. Profitability Principle
- C. Accounting Principle
- D. Balance Day Adjustment Principle

QUESTION 26

In 2015, PNG Hunters prepaid Inter Oil K 1.5 Million Kina for Kone Stadium as their home venue for 2016.

Which will be the correct original entry made by Inter Oil?

- A. Credit Cash at Bank Account and Debit Prepaid Expense.
- B. Credit Unearned Revenue Account and Debit Cash at Bank Account.
- C. Debit Revenue Account and Credit Precollected Revenue.
- D. Debit Accrued Revenue and Debit PNG Hunters.

PART B: SHORT ANSWER (QUESTION 31 to 40) 70 MARKS

Write all the answers to the questions on the Answer Booklet provided.

QUESTION 31

Arua is a Sole Trader. After reconciling business cash records and bank statement for the month of August 2015, he found several discrepancies as classified below.

- (i) Cheque drawn but not presented to the bank for payment.

<u>Payee</u>	<u>Cheque No.</u>	<u>Amount (K)</u>
Wilson	06562	425
Nelson	06576	1 350

- (ii) Cheques received from customers and deposited in the bank but not credited to the bank account.

<u>Customer</u>	<u>Receipt No.</u>	<u>Amount (K)</u>
Chin	165	1 985
Chon	172	2 750

- (iii) On 31st August, the bank statement showed a credit balance of K4 572.

Required: Prepare Bank reconciliation statement for the month of August 2015. (7 Marks)

QUESTION 32

You are given the following incomplete petty cash book.

Petty Cash Book

Date	Particulars	Voucher/ Cheque No.	Receipts (K)	Payments (K)	Analysis		
					Admin expense	Travel expense	Sundry
2015 July							
1	Balance carried down		32.50				
	Reimbursement	7856	167.50				
2	Bus fare	1		5.00		5.00	
3	Tea and Biscuit	2		20.00	20.00		
4	Advertising	3		60.00			60.00
5	Taxi fare	4		20.00		20.00	
6	Stationary	5		12.00	12.00		
7	Bus fare	6		8.00		8.00	
8	Currier Charges	7		32.00	32.00		

Required:

- (a) Total up the Petty Cash Book. (4 Marks)
- (b) Balance the Petty Cash book and balance brought down on 9th July 2015. (2 Marks)
- (c) Enter the reimbursement cheque assuming that it was received on 9th July 2015.
(Cheque No. 7982) (1 Mark)

QUESTION 33

- (a). State the accounting concept or principle that had been violated in each of the following situations.
 - (i) Owners house rent has been included in rent expense account. (2 Marks)
 - (ii) Cost of items such as calculators, staplers and hole punches have been included under office equipment. (2 Marks)
 - (iii) Rent paid for the next accounting year has been included in rent account. (2 Marks)
- (b) State a function of accounting. (1 Mark)

QUESTION 34

- (a) State two characteristics of a liability (2 Marks)
- (b) Distinguish between current and non current liabilities (2 Marks)
- (c) Classify the following items as current and non-current liabilities. (3 Marks)
- (i) Mortgage loan
- (ii) Accrued expenses
- (iii) Bank Overdraft

QUESTION 35

You are given the following account

Trade Debtor - Renagi

		K			K
2014 1/1	Balance brought down	14 000	2014/ 1/6	Cash at bank	11 000
	15 Sales	16 000	8	Sales returns	3 000
	17 Sales	7 000	12	Cash at bank	6 000
	22 Sales	3 000	5	Cash at bank	9 000
	28 Sales	8 000	27	Sales returns	1 500
			31	Cash at bank	2 000

Required:

- (a) Balance the account and bring balance carried down on 31 January 2015. (4 Marks)
- (b) State whether the closing balance of the account indicates the amount receivable or payable by the business. (1 Mark)
- (c) State why sales returns are recorded in the credit side of the account. (2 Marks)

QUESTION 36

Singer operates under the name of singer music shop. His line of business is to buy and sell music CDs and DVDs. The following transactions took place during the first week of September 2015.

<u>Date</u>	<u>Transaction</u>
1.	Sold CDs to the value of K 1 500 for cash.
2.	Purchase CDs and DVDs for cash K 3 000.
3.	Paid wages to assistants K 1 500.
4.	Sold CDs and DVDs to Mosbi supermarket on credit for K 2 500.
5.	Singer brought K 5000 cash as additional capital.
6.	Received K 2 000 from Mosbi Supermarket.
7.	Purchased CDs from Tau Ltd on credit for K 2 000.

Required:

State double entries for each of the transactions above.

(7 Marks)

QUESTION 37

You are given the following ledger account balances as at 31st December 2014.

<u>Account</u>	<u>Amount (K)</u>
Capital	30 000
Traders debtors	22 000
Trade creditors	14 000
Wages Expenses	4 000
Bank Loan	9 000
Cash at bank	27 000

Required:

Prepare a trial balance.

(7 Marks)

QUESTION 38

Name the correct journals the Island Motors Accountant will record the following transactions.

- (a) Island Motors sold on credit a truck worth K 170 000 to Mosbi Motors.
- (b) Bought cleaning supplies for K 700 cash from Super Value Shop.
- (c) Mosbi Motors returned the truck because the brakes did not work.
- (d) Paid by cheque (K 7 000), PNG Power electricity bill.
- (e) Sold 20 coaster buses to 2015 games committee on credit valued at K 300 000.
- (f) Bought on credit from Fuji Motors (Japan) another 30 coaster busses worth K 300 000.
- (g) 2015 PNG games committee paid a deposit of K 100 000 for the 20 coaster busses.

QUESTION 39

- (a) State the role of source documents in accounting? (2 Marks)
- (b) Angela is a Sole Trader running a trade store. During the month of July 2015, the following transactions took place.
 - (i) Purchased grocery goods on credit from Lewa.
 - (ii) Paid cash for courier service expenses
 - (iii) Payment received from a debtor.
 - (iv) Sold goods on credit to Mewa.
 - (v) Owner brought additional capital

Required:

State the source documents raised for each of the above transactions. (5 Marks)

QUESTION 40

You are given the following journals of Koki Traders for 2015.

Purchases Journal

Date	Trade Creditors	Reference	Total (K)
June 20	Brian	304	3 300
23	William	W10	5 500
	George	067	2 750
26	Jackie	501	<u>5 620</u>
			<u>17 170</u>

Purchases Returns and Allowance Journal

Date	Trade Creditors	Reference	Total (K)
June 24	William	WCr 10	500

Required:

Draw up 'T' ledger accounts and post the above journals.

(7 Marks)

END OF EXAMINATION

ACCOUNTING — 2015

SECTION B-ANSWER BOOKLET

Write your name, your province and school codes and your candidate number correctly and clearly in the space provided below.

Year		Province		School			Candidate No		
1	5								

Name: _____

School: _____

Answers written on the QUESTION paper or any other paper will NOT be marked. Write answers in the spaces as provided on this answer booklet.

FOR MARKERS USE ONLY

	Score	Markers Initials	
		M1	M2
Section B:			
Question 31			
Question 32			
Question 33			
Question 34			
Question 35			
Question 36			
Question 37			
Question 38			
Question 39			
Question 40			
FINAL TOTAL			

SECTION B - ANSWERS

Write your answer in the space provided below. Your answers must be clear and precise.

QUESTION 31

	7
For Markers Use Only	Q31 Total

QUESTION 32

Petty Cash Book							
Date	Particulars	Voucher /Cheque No.	Receipts (K)	Payments (K)	Analysis		
					Admin expense	Travel expense	Sundry
2015 July	Balance carried down		32.50				
1	Reimbursement	7856	167.50				
2	Bus fare	1		5.00		5.00	
3	Tea and Biscuit	2		20.00	20.00		
4	Advertising	3		60.00			60.00
5	Taxi fare	4		20.00		20.00	
6	Stationary	5		12.00	12.00		
7	Bus fare	6		8.00		8.00	
8	Carrier Charges	7		32.00	32.00		
For Markers Use Only					Q32 Total		

7

Note: Write your answers in the petty cash book by extending the petty cash book above.

QUESTION 33

a.		2
(i).	_____	2
(ii).	_____	2
(iii).	_____	
b.	_____ _____	1
For Markers Use Only		Q33 Total

QUESTION 34

a.		
(i).	_____ _____	1
(ii).	_____ _____	1
b.	_____ _____ _____ _____	2
c.	<u>Current Liability</u> <u>Non-current liability</u>	3
For Markers Use Only		Q34 Total

QUESTION 35

a. <u>Trade Debtors - Renagi</u>			
<table border="1"><tr><td data-bbox="193 358 774 1429"></td><td data-bbox="774 358 1353 1429"></td></tr></table>			2
b. _____ _____	4		
c. _____ _____	1		
For Markers Use Only	2		
Q35 Total			

QUESTION 36

Date	Accounts affected	Debit/Credit
1		
2		
3		
4		
5		
6		
7		
For Markers Use Only		Q36 Total

7

QUESTION 38

a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____	7
For Markers Use Only	Q38 Total

QUESTION 39

a. _____ _____	7
b. (i) _____ (ii) _____	
(iii) _____ (iv) _____	
(v) _____	
For Markers Use Only	
	Q39 Total

QUESTION 40

<u>Koki Traders Ledger Accounts</u>		
For Markers Use Only	Q40 Total	7

Note : Draw your 'T' Ledger Accounts in the space provided above.