



THE COUNCIL OF COMMUNITY COLLEGES OF JAMAICA
ASSOCIATE OF SCIENCE EXAMINATION
SEMESTER II – 2019 MAY

PROGRAMMES: ALL PROGRAMMES
COURSE NAME: FUNDAMENTALS OF ACCOUNTING
CODE: ACCT1101
YEAR GROUP: ONE
DATE: FRIDAY, 2019 MAY 10
TIME: 12:00 NOON – 2:00 P.M.
DURATION: 2 HOURS
EXAMINATION TYPE: FINAL

This Examination Paper has 9 Pages

INSTRUCTIONS:

1. ANSWER ALL QUESTIONS FROM SECTION A
2. SECTION B CONSISTS OF FOUR (4) QUESTIONS. ANSWER ANY TWO (2)

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

SECTION B

Instruction: In the booklet provided, answer any **TWO (2)** questions from this section.

Question 1

The following balances were shown in Abby's Wholesale Trial balance, after preparation of the business's trading account on Dec 31, 2018.

	Debit \$	Credit \$
Gross Profit		195 000
Capital (Jan 1, 2018)		42 000
Accounts Payable		50 000
Motor vehicles at cost	125 000	
Accumulated Depreciation: Motor vehicles		75 000
Inventory (closing)	30 000	
Cash at bank	1 000	
Drawings	55 000	
Office expenses	63 000	
Accounts receivable	83 500	
Provision for bad debts		3 000
Rates	7 500	
	365 000	365 000

Additional Information:

- i. On Dec 31, 2018 Abby's Wholesale still owed \$15 000 for rent
- ii. An amount of \$500 was prepaid for rates
- iii. Abby's Wholesale uses the reducing balance method of depreciation on motor vehicles at a rate of 30% per annum.
- iv. Accounts receivable included bad debts written off of \$2 500
- v. The provision for bad debts is to be increased to \$4 000

Required:

- A. Prepare Abby's Wholesale Income Statement for the year ended December 31, 2018
(14 marks)
 - B. Prepare Abby's Wholesale Statement of Financial Position as at December 31, 2018
(16 marks)
- (Total 30 marks)**

Question 2

- A. Define the following terms
- i. Bank overdraft (2 marks)
 - ii. Standing order (2 marks)
 - iii. Direct debit (2 marks)
 - iv. Bank charges (2 marks)
 - v. Credit transfer (2 marks)
 - vi. Bank reconciliation (2 marks)
- B. List **THREE (3)** purposes of the bank reconciliation statement. (3 marks)
- C. The following information was taken from the books of Ron Bridgett for the month of December 2011

		Ron Bridgett		
		\$	Cash Book	\$
2015			2015	
Dec 1	Bal b/d	2 000	Dec 4	A Sobers ch # 31 800
Dec 10	Cash	500	Dec 7	Water Club 32 400
Dec 17	A. Adams	150	Dec 19	B. Bent 43 100
Dec 22	P. Nash	150	Dec 23	W. Peat 44 250
Dec 27	K. Blake	220	Dec 25	R. Tate 45 200
Dec 29	N. Hill	130	Dec 27	Bert's 46 350
			Dec 29	Gas X 47 410
			Dec 31	Bal c/d 640
		3150		3150
Jan 1	Bal b/d	640		

		Ron Bridgett			
		Bank Statement as at Dec 31, 2015			
		Dr \$	Cr \$	Balance \$	
2015				2 000	Cr
Dec 1				2 500	Cr
Dec 10	Cash		500	2 650	Cr
Dec 17	A. Adams		150	2 550	Cr
Dec 20	B. Bent Che 43	100		2 300	Cr
Dec 24	Ch 44	250		2 100	Cr
Dec 25	Ch 45	200		1 750	Cr
Dec 25	Ch 46	350		2 150	Cr
Dec 27	Credit transfer: B. Brooks		400	1 950	Cr
Dec 28	Standing Order: Insurance		200	1 850	Cr
Dec 30	Bank charges	100			

Required:

- i. Prepare an updated cash book for Ron Bridgett (6 marks)
 - ii. Prepare a bank reconciliation statement (9 marks)
- (Total 30 marks)**

Question 3

The following transactions relates to H&D Hardware

Year 2018		\$
Oct. 1	Balances brought forward:	
	Cash	194
	Cheque	4 372
2	The following debtors paid H&D Hardware by cheque in each case deducting 5% cash discount:	
	M. Harris	2 000
	C. Hynes	560
3	Cash sales paid directly into the bank	268
5	Paid rent by cash	176
6	H&D Hardware paid the following creditors by cheque in each case deducting 2 ½ % discount:	
	L. Williams	800
	N. McDonald	1 280
8	Withdrew cash from bank for business use	500
10	Cash sales	412
12	D. Downie paid his account by cheque less \$4 cash discount	178
14	Paid wages by cash	800
16	H&D Hardware paid the following accounts by cheque:	
	L. Jones, less \$12 cash discount	243
	R. Flemmings, less \$16 cash discount	412
20	Bought fixtures by cheque	1 600
24	Bought motor lorry paying by cheque	14 332
29	Received cheque from D. Stern	338
30	Received commission by cash	900

Required:

Write up the three-column cashbook, including the cash discount columns

(Total 30 marks)

Question 4

The following balances were taken from the ledgers of Drake's Auto Parts Ltd on September 30, 2018:

	\$
Sales returns	2 100
Purchases returns	1 300
Opening inventory	11 600
Sales	170 000
Purchases	90 600
Salaries	35 000
Motor vehicle	60 000
Equipment	22 000
Miscellaneous expenses	12 000
Bank overdraft	25 000
Carriage inwards	2 200
Carriage outwards	1 700
Accounts receivable	33 000
Accounts payable	50 000
Bank savings account	90 000
Provision for bad debts	3 000
Bad debts	1 500
Cash in hand	4 000
Long term loan	20 000
Commission received	2 000
Commission paid	5 000
Rent	15 000

Required:

- A. Prepare the Trial balance for Drake's Auto Parts Ltd. including appropriate heading and the amount for capital. **(25 marks)**
- B. Distinguish between revenues and expenses, giving examples of each. **(5 marks)**

(Total 30 marks)

END OF EXAMINATION