

**Section A**  
**COMPULSORY QUESTION**

**Question # 1**

Samson Co. is leading supplier soft drinks in Jamaica and is located in the parish of St. Andrew. The following represents the unadjusted trial balance as at June 30th, 2009, and the necessary information are provided below to assist you to prepare the financial statements.

**Samson Co. Ltd.**

**Trial Balance as at June 30th, 2009**

Account Name	DR	CR
Loan from P Parkin		5,000,000
Capital		25,955,000
Drawings	8,420,000	
Cash at bank	3,111,500	
Cash in hand	295,000	
* Debtors	12,300,000	
Creditors		9,370,000
Stock June 30th, <del>2009</del> 2008	23,910,000	
Motor van	6,000,000	
Office equipment	8,000,000	
Provision for depreciation: motor van		1,900,000
Provision for depreciation : office equipment		1,750,000
Provision for doubtful debt		1,230,000
Sales		130,900,000
Discount Received		550,000
Purchases	92,100,000	
Returns Inwards	550,000	
Carriage Inwards	215,000	
Returns outwards		307,000
Carriage outwards	309,000	
Motor expenses	1,630,000	
Rent and rates	2,970,000	
Telephone charges	405,000	
Salaries	12,810,000	
Insurance	492,000	
Office expense	1,377,000	
Sundry expense	284,000	
Discount allowed	430,000	
Advertising	1,353,500	
	<u>176,962,000</u>	<u>176,962,000</u>

Having reviewed the unadjusted trial balance the accounts made the following notes that now requires adjustment:

1. Closing stock as at June 30th, 2009 \$27,475,000
2. Prepaid expenses: Insurance \$105,000 and rates \$405,000 ✓
- \* 3. The provision for doubtful debt for the period should be 5% of debtors.
4. Depreciate motor van and office equipment at the rate of 20% on original cost.
5. Expenses owing : Rent \$300,000 and telephone \$85,000 ✓
- \* 6. A cheque for \$250,000 paid to a creditor was omitted from the books at the time of extracting the trial balance.

← Straight line Method

**Required:**

- A. Prepare the Trading, profit and Loss account for the period ended June 30th, 2009. (20 Marks)**
- B. Prepare the Balance sheet as at June 30th, 2009 (20 Marks)**

**Question # 4**

The financial year of Reliance Trading Company ended on 31 December 2003. You have been asked to prepare a total Debtors Account and a Total Creditors Account in order to produce end of year figures for Debtors and Creditors for the draft final accounts.

You have obtained the following information for the financial year from the accounting records.

	\$
Sales -credit	860,000
Purchases -credit	890,000
Total receipts from customers	450,450
Total payments to suppliers	545,000
Discounts allowed (all to credit customers)	65,480
Discounts received (all from credit customers)	63,510
Balance in the Sales Ledger set off against balance in the Purchase Ledger	7,000
Bad debts written off	7,780
Increase in provision for bad debts ← <i>Trick!</i>	9,000
Credit notes issued to credit customers	44,140
Credit notes received from credit suppliers	34,180

According to the audited financial statements for the previous year, debtors and creditors as at 1 January 2003 were \$ 126,555 and \$ 143,450.

**Required:**

- A. Prepare the debtors control account for the period. (10 Marks)
- B. Prepare the creditors control account for the period. (9 Marks)
- C. State another name used in accounting to represents debtors account. (1 Mark)

**Question # 5**

The financial year of Raymar Ltd will end on 31 December 2004. At 1 January 2004 the company had in use equipment which had a total cost of \$750,000 and with accumulated depreciation totalling \$425,000. During the year ended 31 December 2004, Raymar Ltd purchased new equipment costing \$100,000 and sold off some old equipment receiving \$36,000 by cheque. The originally cost of the equipment sold was \$125,000 and its accumulated depreciation was \$95,000. No further purchase or sales are planned for the year ending 31 December 2004. The policy of the company is to depreciate equipment at the rate of 40% using the reducing balance method. A full year depreciation is provided on all equipment in use by the company at the end of each year.

**Required:**

Show the following ledger accounts for the year ending 31 December 2004.

- (A) The Equipment Account. (7 Marks)
- (B) The provision for Depreciation of Equipment Account (7 Marks)
- (C) The Asset Disposals Account. (6 Marks)

**Question # 6**

- A. Distinguish between an accrued expense and a prepaid expense. **(5 Marks)**
- B. Distinguish between a bad debt and a provision for bad debt. **(5 Marks)**
- C. Define the term "financial accounting" and state four users of accounting information. **(5 Marks)**
- D. State five uses of financial information which is generated from financial data. **(5 Marks)**

**Question # 7**

Define or explain and give examples where necessary for the following accounting terms: **(20 Marks)**

- A. Historical cost Concept
- B. Personal account
- C. Duality or double entry Concept
- D. Error of omission
- E. One sided error
- F. Impersonal Accounts
- G. Liability
- H. Assets
- I. Cash discount
- J. Trade discount

**END OF QUESTION PAPER**