

# 2019 7088 GCE N LEVEL POA PAPER 2

SUGGESTED SOLUTIONS

BY CALEB HO

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Afiq's Business  
Income statement for the year ended 31 March 2019

	\$	\$
Advertising fee income	98850	
Less: Rent and rates	-15800	
Net Advertising fee income		83050
Gross Profit		83050
Add: Other income		
Rental income	3400	3400
Less: Expenses		
Printing and stationary	8520	
Insurance (3800-180)	5420	
General expenses	3440	
Wages and salaries (52 115-21 815)	30300	
Motor vehicles expenses (2100+470)	2570	
Depreciation on motor vehicles (20% x (18800-4400))	2880	
Depreciation on fixtures and fittings (10% x 5900)	590	
		53720
Profit for the year		32,730

Afiq's Business  
Balance Sheet as at 31 March 2019

<u>Assets</u>	\$	\$	\$
<u>Non-current assets</u>	Cost	Acc Depn	NBV
Motor vehicles	18800	7280	11520
Fixtures and fittings	5900	2890	3010
Total non-current assets			14530
<u>Current assets</u>			
Prepaid insurance expense		180	
Cash at bank		10800	
Cash in hand		175	
Trade receivables		28200	
Total current assets			39355
Total Assets			53885
<u>Equity and liabilities</u>			
Owner's equity			
Beginning balance		28050	
Add: Profit for the year		32,730	
Less: Drawings		-21815	
Total equity			38,965
<u>Current Liabilities</u>			
Trade payables		14450	
Accrued motor veicles repairs		470	
Total current liabilities			14920
Total Equity and Liabilities			53,885

- (a) The purpose of a purchases journal is to record the purchase of goods/inventory for resale on credit.
- (b) invoice
- (c) Trade discount are provided by suppliers to:  
encourage bulk purchase  
reward customers for loyalty
- (d) 2019 July 5: Sales ournal  
2019 July 29: Sales returns journal
- (e) 2019 July 5:  $85\% \times \$1200 = \$1020$   
2019 July 29:  $85\% \times \$400 = \$340$
- (f) External Stake holders (any from:)
- Government
  - Suppliers
  - Customers
  - Bank

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# MASTER POA BASICS

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Yvonne

## (a) Updated cash at bank a/c

Date	Particulars	Dr	Cr	Balance
2019		\$	\$	\$
Aug 31	Bal b/d			2217 Dr
	Bao (dishonoured cheque)		236	1981 Dr
	Electricity expense		75	1906 Dr
	Bank charges		81	1825 Dr
Sep-01	Bal b/d			1825 Dr

Yvonne

## (b) Bank reconciliation statement as at 31 August 2019

Credit balance as per bank statement	\$	\$
Add: Cheques not yet credited		1440
Ira	734	2134
Less: Cheques not yet presented		
Lok	-349	1825
Debit balance as per Cash at Bank account		1825

(c) \$1,825

(d) Cheques may be dishonoured due to (any two):

- Post dated cheque
- Signature differs from bank records
- Missing details (date, signature)
- Amounts in words does not tally with amount in figures
- Insufficient funds in payee's bank account
- Expired cheque

4 a)

**Ming  
Inventory A/C**

Date	Particulars	Dr (\$)	Cr (\$)	Bal (\$)	
2019					
May-01	Balance b/d			1125	Dr
5	Trade payable, Yi Ling	550		1675	Dr
15	Cost of sales		500	1175	Dr
18	Trade payable, Xin	250		1425	Dr
25	Cost of sales (returns)	125		1550	Dr
29	Cost of sales		375	1175	Dr
June 1	Bal b/d			1175	Dr

b) **Net sales revenue = 840 - 210 + 630 = \$1260**  
(Show workings)

c) **Cost of sales = 500 + 375 - 125 = \$750**  
(Show workings)

d) **Gross Profit = \$1260 - \$750 = \$510**  
(Show workings)

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(a) Journal Entries

		Dr (\$)	Cr (\$)
2017			
i)	Oct 1 Machinery	5200	
	Cash at Bank		5200
2018			
ii)	Dec 1 Machinery	8600	
	Trade/Other payable - Tuyam		8600

(b) Depreciation of machinery

		Dr(\$)	Cr(\$)	Bal(\$)
2018				
Sept 30	Accumulated depreciation of machine	1040		1040 Dr
	Profit and Loss		1040	0
2019				
Sept 30	Accumulated depreciation of machine	2760		2760 Dr
	Profit and Loss		2760	0
	(1040+1720)			

(c)

Accumulated depreciation of machinery

Date	Particulars	Dr(\$)	Cr(\$)	Bal(\$)
2018				
Sept 30	Depreciation of machinery		1040	1040 Cr
Oct 1	Balance b/d			1040 Cr
2019				
Sept 30	Depreciation of machinery		2760	3800 Cr
Oct 1	Balance b/d			3800 Cr