Geylang Methodist Schoo
Preliminary Examinat

Candidate Name			
Class		Index Number	

PRINCIPLES OF ACCOUNTS
Paper 1

S

No Additional Materials required

Setter: Mdm Fion Thia

READ THESE INSTRUCTIONS FIRST

Write your index number and name in the spaces at the top of
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid.
The use of an approved calculator is allowed.

Answer all questions on the question paper.

The businesses described in this question paper are entirely fic

The number of marks is given in brackets [ ] at the end of each question.

The total marks for this paper is 40.

(b) Evaluate the trend in liquidity of Tasty Bakes' business over the
2022, 2023 and 2024. Use the given information and your answ

(c) Suggest two ways to improve liquidity position of a business.

(d) State one difference between a bank overdraft and current porti

(b) Update the cash at bank account as at 29 February 2024. Bring d
the next month.

(c) Prepare the bank reconciliation statement as at 29 February 202

(ii) 30 April 2024

(c) Analyse the effect of **not** making an adjustment for prepaid insura

(i) Profit for the year

(ii) Statement of financial position

(d) State and explain the accounting theory used to explain the need t insurance.

4 Amira Trading is a business selling washing machines. On 1 May 20 inventory valued at $15 000. The business uses the FIFO method to c

During the month of May 2024, the following purchases took place.

2024	
May 3	40 units at $24 000
16	30 units at $16 500
18	10 units at $5 500

On 20 May 2024, the business sold 70 units of inventory for $50 000 the amount by bank transfer.

2024 GMSS POA 4E5N Prelim Paper 1 Answers

Q1a)

(i)	Working capital	30900+5970+4530 – (6000+13500+2 = $17220 [1]
(ii)	Current ratio	(30900+5970+4530) / (6000+13500+ = 1.71 : 1 [1]
(iii)	Quick ratio	5970 / (6000+13500+2180+2500) = 0.25 : 1 [1]

Q1b) [Any 5 + Conclusion]

- The working capital has worsened from $28170 in 2022 to $25 in 2024.
- The current ratio worsened from 3.18 in 2022 to 2.64 in 2023 t
- In 2024, the current ratio falls below the general benchmark of
- This means that the business has insufficient current assets debts in 2024.
- The quick ratio worsened from 1.54 in 2022 to 1.04 in 2023 to
- In 2024, the quick ratio falls below the general benchmark of 1
- This means that the business has insufficient quick assets to se in 2024.
- The decrease in the current ratio and quick ratio was largely du at bank. Eventually, there was a bank overdraft of $2500 in 20
- The decrease in the current ratio and quick ratio may be due t in inventory and also money required to pay for high storage c

In conclusion, the business has worsened in its liquidity position o

Q2c)

Sam

Bank reconciliation statement as at 29 February 2024

Balance as per bank statement

Add: Deposit in transit
Awang

Less: Cheque not yet presented
Rent expense (Cheque number 105)

Balance as per updated cash at bank account

3a)
Rent income for year ended 30 April 2024
= Rent fee received in the previous year but rent services **provide**

+ Rent fee received in this year

+ Rent services **provided in this year** but rent fee will be receive

= 10490 [1] + 28500 [1] +1000 [1]
= $39990
[Note: must be with the correct sign]

3b) (i) To reverse insurance services used in the previous year bu
paid in this year. [1]

OR To reverse insurance expense owed in previous year and to b

3b) (ii) To adjust insurance fee paid in advance in this year but ins
used in next year. [1]

OR To adjust insurance expense paid in advance this year and to

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PRINCIPLES OF ACCOUNTS
Paper 2 Insert

Se

Setter: Mr Lim Aik Kwang

This insert contains the data for Question 1.

This document consists of 2 printed pages.

Geylang Methodist School (
Preliminary Examination

Candidate Name			
Class		Index Number	

PRINCIPLES OF ACCOUNTS
Paper 2

Se

Setter: Mr Lim Aik Kwang

READ THESE INSTRUCTIONS FIRST

Write your index number and name in the spaces at the top of thi
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid/tape.
The use of an approved calculator is allowed.

Answer all questions.

The businesses described in this question paper are entirely fictit

The number of marks is given in brackets [ ] at the end of each q
question.

The total marks for this paper is 60 marks.

(b) Prepare the statement of financial position as at 31 March 20

Kiki Pte Limited

Statement of financial position as at 31 March

2024 GMSS POA 4E5N PRELIM PAPER 2 Answer

Q1(a)

Kiki Pte Limited Statement of financial performance for the year ended 3	
Sales revenue	2
Less: Sales returns	
Net Sales revenue	
Less: Cost of sales	
Gross profit	
Add: Other income	
Rent income (20 500 + 2 800) Not yet receive -> add	
Less: Expenses	
Rent expense (65 000 – 4 000) Prepaid -> minus	61
Wages and salaries expense (58 000 + 1 700) Owing -> add	59
Discount allowed	
Impairment loss on inventory (28 500 - 27 000) Cost - NRV	1
Impairment loss on trade receivable (8% X 25 600) – 1 500 This year Allowance – Previous year Allowance	
Depreciation of Machinery (80 000 – 15 000) X 12% SLM: % x (Cost – Scrap value)	7
Depreciation of Motor vehicle (150 000 – 30 000) X 10% RBM: % x (Cost – Acc Dep)	12
Profit for the year	

Q2(a)

Percentage of cash discount = 50 / 2500 X 100
= 2% [1]

Q2 (b)

Cash discount will decrease the profit for the year [1]

Q2(c)

To encourage bulk purchase [1]

Q2(d)

Henry's account (Trade receivable)			
2024		Dr ($)	
Jun 1	Balance b/d		
4	Cash at bank [1]		
4	Discount allowed [1]		
11	Sales revenue [1]	5 400	
26	Sales returns [1]		
Jul 1	Balance b/d [1]		

Q2(e)

Rate of trade receivables turnover for year ended 31 July 2023	Rate of trade year en
200 000/ 0.5(80 000 + 50 000) =200 000 / 65 000 = 3.08 times [1]	310 000/ 0.5(50 = 310 000 / 70 0 = 4.43 times [1]

Q2(f)

The rate of trade receivables turnover has improved from 3.08 ti times in 2024 [1].

This shows that the business has become more efficient in colle its credit customer over the past 2 years. [1]