



MINISTRY OF EDUCATION, SINGAPORE  
in collaboration with  
CAMBRIDGE ASSESSMENT INTERNATIONAL EDUCATION  
General Certificate of Education Normal (Academic) Level

CANDIDATE  
NAME

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CENTRE  
NUMBER

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INDEX  
NUMBER

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## PRINCIPLES OF ACCOUNTS

**7086/02**

Paper 2

**For examination from 2024**

SPECIMEN PAPER

**2 hours**

Candidates answer on the Question Paper.

Additional Materials:     Insert

### READ THESE INSTRUCTIONS FIRST

Write your Centre number, index number and name in the spaces at the top of this page.

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.

**DO NOT WRITE ON ANY BARCODES.**

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

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

This document consists of **14** printed pages, **2** blank pages and **1** Insert.



Singapore Examinations and Assessment Board



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- 2 Haziq trades as a carpenter. On 1 May 2019, Haziq’s business bought a motor van, costing \$7300, on credit from Exe Motors.

**REQUIRED**

- (a) Prepare the journal entry to record this transaction in the books of Haziq’s business. A narration **is** required.

Journal

Date		Debit \$	Credit \$

[3]

- (b) Explain the meaning of **each** of the following terms:

- (i) Capital expenditure

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..... [2]

- (ii) Revenue expenditure

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..... [2]

During the year ended 30 April 2020, Haziq’s business incurred expenditure in respect of the motor van.

**REQUIRED**

(c) Complete the following table by classifying the expenditure by placing a tick (✓) in the appropriate column.

	Capital expenditure	Revenue expenditure
Diesel for the motor van		
Painting business name on the motor van		
Motor van service		
Motor van insurance		

[4]

(d) Explain the materiality theory.

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..... [2]

[Total: 13]

- 3 Peng sells garden furniture. Details from the cash at bank account and bank statement for the business for the month of July 2020 are as follows:

## Cash at bank account

Date	Particulars	Cheque number	Debit \$	Credit \$	Balance \$
2020					
July 1	Balance b/d				1925 Dr
2	Rent	1324		750	1175 Dr
5	Cash			500	675 Dr
8	C Lane		652		1327 Dr
15	Sales revenue		1500		2827 Dr
19	Y Brindle	1325		892	1935 Dr
22	J Warren		125		2060 Dr
23	Vanya	1326		324	1736 Dr
28	Drawings	1327		1000	736 Dr
29	Sheng		257		993 Dr
August 1	Balance b/d				993 Dr

## Bank statement

Date		Payments \$	Receipts \$	Balance \$
2020				
July 1	Balance b/d			1925 Cr
4	Cheque 1324	750		1175 Cr
5	Cash withdrawal	500		675 Cr
15	Cash		1500	2175 Cr
24	C Lane		652	2827 Cr
26	J Warren		125	2952 Cr
27	Cheque 1325	892		2060 Cr
28	Cheque 1327	1000		1060 Cr
31	Bank charges	72		988 Cr



**REQUIRED**

(a) Update the cash at bank account at 31 July 2020. Start with the \$993 debit balance.

Cash at bank account

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(b) Prepare a bank reconciliation statement at 31 July 2020.

Bank reconciliation statement at 31 July 2020

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(c) State **two** reasons why it is important for a business to prepare a bank reconciliation.

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[2]

(d) Explain the objectivity theory.

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[2]

[Total: 13]



Eric's business is considering changing its local supplier to one based overseas, SK Traders.

His business purchases approximately 3000 pairs of sports shoes per annum from LP Supplies, a supplier to Eric's business for ten years.

The following information is available.

	LP Supplies	SK Traders
List price	\$10	\$9
Credit terms	30 days	30 days
	1% cash discount for payment within 20 days	1% cash discount for payment within 25 days
Delivery fees	\$20 for every 100 pairs	\$45 for every 100 pairs
Refund policy	Refunds made within 2 days of return.	Refunds made within 1 week of return.
Replacement policy	Replacement sports shoes will be delivered within 3 days.	Replacement sports shoes will be shipped within 10 days.
Additional incentive	None	Samples of new types of sports shoes provided monthly







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