



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
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PRINCIPLES OF ACCOUNTS

7086/01

Paper 1

For examination from 2021

SPECIMEN PAPER

1 hour

Candidates answer on the Question Paper.

No Additional Materials are required.

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.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE ON ANY BARCODES.

Answer **all** questions.

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

This document consists of **8** printed pages and **2** blank pages.



Singapore Examinations and Assessment Board



Cambridge Assessment
International Education

Answer **all** questions.

1 Alan is considering setting up a business. He has requested advice on a number of matters.

REQUIRED

(a) State the role of accounting.

..... [1]

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

(i) assets

.....

 [2]

(ii) liabilities

.....

 [1]

(c) Complete the following table by naming the source document used to record **each** transaction (ii) to (v). The first transaction has been completed as an example.

	Transaction	Source document
(i)	<i>Cash sales</i>	<i>Receipt</i>
(ii)	Credit sales	
(iii)	Purchase of non-current asset on credit	
(iv)	Returns of credit sales	
(v)	Payments for credit purchases	

[4]

(d) Explain the matching theory.

.....

 [2]

[Total: 10]

PLEASE TURN OVER

(b) State **two** uses of a trial balance.

- 1
- 2 [2]

(c) State **two** stakeholders who would be interested in the accounting information of a business.

- 1
- 2 [2]

[Total: 10]

3 Irdina is a sole trader. Her business buys and sells on credit.

The following information relates to Kai’s account in Irdina’s ledger for the month of July.

During July, Irdina’s business had the following transactions with Kai.

2020

- July 1 Kai owed Irdina, \$1567.
- 5 Irdina sold goods to Kai at a list price of \$6280 less 15% trade discount.
- 14 Kai returned goods bought on July 5, \$1950, as faulty. This is the value **after** taking into account the trade discount.
- 28 Kai paid a cheque for \$2425 after deducting 3% cash discount

REQUIRED

(a) State **one** reason why Irdina offered Kai a trade discount on July 5.

.....
.....
.....
..... [1]

(b) Calculate the amount of trade discount at July 5.

..... [1]

(c) Calculate the amount of cash discount at July 28.

..... [1]

(d) Prepare Kai's account for the month of July 2020 in Irdina's ledger.

Kai account

.....
.....
.....
.....
.....
.....
..... [6]

(e) State **three** reasons why a cheque would be returned by the bank as dishonoured.

1
2
3 [3]

[Total: 12]

4 Sahil set up a business on 1 March 2020.

The opening balances were as follows.

	\$	
Office equipment	3000	
Bank loan	1000	
Cash in hand	100	
Inventory	600	
Trade payables	150	

REQUIRED

(a) State the basic accounting equation.

..... [1]

(b) Calculate Sahil's equity at 1 March 2020.

.....
.....
.....
.....
.....
.....
..... [3]

On 1 April 2020, Sahil's business bought a motor vehicle for \$5000 on credit from Riya Motors.

REQUIRED

(c) Explain how this transaction would affect Sahil's equity at 1 April 2020.

.....
.....
..... [2]

(d) Explain the accounting entity theory.

.....
.....
..... [2]

[Total: 8]

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