



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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## 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



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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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