



MINISTRY OF EDUCATION, SINGAPORE
in collaboration with
CAMBRIDGE INTERNATIONAL EDUCATION
Secondary Education Certificate

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G3 PRINCIPLES OF ACCOUNTS

K342/01

Paper 1

For examination from 2027

SPECIMEN PAPER

1 hour

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and index number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen. Do **not** use correction fluid or tape.
- Do **not** write on any bar codes.
- You may use an approved calculator.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [].
- The businesses described in this question paper are fictitious.

This document has **10** pages. Any blank pages are indicated.



Singapore Examinations and Assessment Board

 **CAMBRIDGE**
International Education

Answer **all** questions.

1 PQ Pte Ltd has provided the following information at 30 June 2026.

	\$
share capital, 400 000 ordinary shares	600 000
retained earnings	225 000

REQUIRED

(a) Define:

(i) retained earnings

.....

 [1]

(ii) dividends

.....

 [1]

(b) State **three** reasons why the shareholders' equity in a private limited company may be different at the end of the financial year from that at the beginning.

1

 2

 3

 [3]

On 30 April 2027, PQ Pte Ltd issued a further 100 000 shares at \$1.50 each. PQ Pte Ltd made a profit for the year ended 30 June 2027 of \$175 000 and declared a dividend of \$0.10 per share.

REQUIRED

(c) Prepare the equity section of the statement of financial position at 30 June 2027.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

[4]

(d) Identify **two** stakeholders, other than the shareholders, who would be interested in the financial statements of PQ Pte Ltd.

1
2
.....

[2]

[Total: 11]

2 Cheejun runs a trading business. Its financial year ends on 31 August every year. The business trial balance as at 31 August 2027 is balanced. However, it has since been discovered that a credit note for \$671, sent to Amelia, had been recorded in the books as \$617.

REQUIRED

(a) Explain why a business prepares a trial balance at the end of the financial year.

.....
.....
.....
.....

[2]

(b) Explain the limitation of a trial balance.

.....
.....
.....
.....

[2]

(c) State the amount and effect of the credit note error on Cheejun's business profit for the year ended 31 August 2027.

.....
.....

[2]

(d) Name and define one ethical principle.

name

definition

.....
.....

[2]

(e) Name the accounting theory which must be used when it is assumed that a business will continue to operate for the foreseeable future.

.....

..... [1]

[Total :9]

3 Seth runs a retail business with a financial year end of 31 July. The following ledger account has been prepared at 31 July 2027.

Sale of motor vehicles

date	particulars	debit	credit	balance
2027		\$	\$	\$
July 31	motor vehicles	24 000		24 000 Dr
	accumulated depreciation of motor vehicles		11 712	12 288 Dr
	other receivables – Speedy Cars		10 800	1 488 Dr
	income summary		1 488	–

REQUIRED

(a) Interpret **each** of the entries in the sale of motor vehicles account.

(i) motor vehicles

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

(ii) accumulated depreciation of motor vehicles

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

(iii) other receivables – Speedy Cars

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

(iv) income summary

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

During the year Seth had extended his shop premises at a cost of \$17 500, which included \$1500 for repairs to the existing shop premises. He had included the total cost in the business's statement of financial performance.

REQUIRED

(b) State the effect and amount of including the cost of the shop extension in the statement of financial performance on the following:

(i) profit for the year

.....
.....
.....

[2]

(ii) non-current assets

.....
.....
.....

[2]

[Total: 8]

4 Xin runs a business supplying electrical goods.

On 10 September 2027, Xin's business sold goods to Philippa on credit for \$39 800. The goods had originally cost \$28 000.

REQUIRED

(a) Prepare the journal entries to record the transaction on 10 September 2027 in the books of Xin's business. Narrations are **not** required.

Journal

date 2027		debit \$	credit \$
Sep 10			

[4]

(b) Name and explain **one** accounting theory that is applied to valuation of inventory when the value of inventory falls below its cost.

name

explanation

.....

.....

.....

[3]

Gemma runs a similar business. The rate of trade receivables turnover for two years is shown for both businesses.

Xin		Gemma	
2026	2027	2026	2027
9.27 times	11.41 times	6.35 times	8.81 times

REQUIRED

(c) Evaluate the rate of trade receivables turnover for **both** businesses for **both** years.

[5]

[Total: 12]

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