



CARIBBEAN
EXAMINATIONS
COUNCIL

Caribbean Secondary
Education Certificate®

SYLLABUS

PRINCIPLES OF ACCOUNTS

CXC 10/G/SYLL 17

Effective for examinations from May–June 2019



CSEC®

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NOTE TO TEACHERS AND LEARNERS

The Principles of Accounts Syllabus (CXC 10/G/SYLL 17) was revised in 2016 for first examination in 2019.

Teaching is expected to commence on the revised syllabus in September 2017.

Revised 1990, 1998, 2006 and 2017

Please check the website, www.cxc.org for updates on **CXC®**'s syllabuses.

PLEASE NOTE



This icon is used throughout the syllabus to represent key features which teachers and learners may find useful.

Principles of Accounts Syllabus

◆ RATIONALE

Accounting is the financial information system that provides relevant information to those who manage or use economic resources or engage in other economic activity. **Principles of Accounts** is a course of study that provides an introduction to the principles and techniques that accountants employ in measuring, processing, evaluating and communicating information about the financial performance and position of a business.

This course in Principles of Accounts helps students to develop an understanding of a range of theoretical and practical techniques used in Accounting. It helps to develop skills that should enable them to participate more effectively and responsibly in today's business *and technology-based* environment, to improve the management of personal financial activities, such as, budgeting, savings and investment. In addition, this course prepares students for post-secondary and professional studies and entry level employment in Accounting.

The syllabus also seeks to instill twenty-first century skills as well as tenets of the Ideal Caribbean Person as articulated by the CARICOM Caribbean Education Task Force (CTF) and adopted by the CARICOM Heads of Government at their 18th Summit. To this end, the syllabus contains objectives, content and teaching, learning and assessment activities intended to nurture and improve students' multiple literacy and critical thinking skills, as well as their management, economic and entrepreneurial skills and positive work ethic. In addition, in keeping with the UNESCO Pillars of Learning, on completion of this course of study students will learn to know, learn to be, learn to do, and to live together.

◆ AIMS

The syllabus aims to:

1. introduce fundamental *concepts, practices and purposes* of Accounting;
2. *encourage the development of critical thinking and entrepreneurial skills;*
3. *foster attitudes useful in adapting to a dynamic business environment;*
4. provide a foundation for further studies in accounting;
5. *foster an awareness of the place of technology in Accounting; and,*
6. provide an acceptable level of competence for entry-level employment.

◆ GENERAL OBJECTIVES

On completion of the syllabus, students should:

1. identify, *utilise* and interpret financial data that will facilitate proper decision-making by users of accounting information;
2. appreciate the use of accounting practices as a tool for efficient business management;
3. *develop critical thinking, problem-solving, and entrepreneurial skills;*
4. appreciate the importance of *ethical behaviour and* accountability in both public and private organisations;
5. develop an awareness of the role and impact of technology in Accounting; and,
6. *acquire knowledge and skills appropriate for entry-level employment or further studies.*

◆ SKILLS AND ABILITIES TO BE ASSESSED

The assessment will test the following skills and abilities:

1. *Literacy and Numeracy/Communication*
 - (a) *use jargon of the field, formulae, form and style relevant to the field, English;*
 - (b) recall, select, and use business-related theories, principles, concepts and methods; and,
 - (c) develop reasoned expositions on theories and policies used in Accounting.
2. *Critical thinking and problem-solving*
 - identify and analyse problems and formulate solutions.
3. *Interpretation*
 - interpret data and draw logical conclusions.
4. *Research and statistics*
 - (a) *gathering relevant data; and,*
 - (b) *using appropriate strategies to present them.*

◆ ORGANISATION OF THE SYLLABUS

The syllabus is arranged in 11 Sections, consisting of specific objectives and related content.

SECTION 1	-	ACCOUNTING AS A PROFESSION
SECTION 2	-	ACCOUNTING AS A SYSTEM
SECTION 3	-	BOOKS OF ORIGINAL ENTRY
SECTION 4	-	LEDGERS AND THE TRIAL BALANCE
SECTION 5	-	THE PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS OF THE SOLE TRADER
SECTION 6	-	ACCOUNTING ADJUSTMENTS
SECTION 7	-	CONTROL SYSTEMS
SECTION 8	-	ACCOUNTING FOR PARTNERSHIPS
SECTION 9	-	ACCOUNTING FOR LIMITED LIABILITY COMPANIES, COOPERATIVES AND NON-PROFIT ORGANISATIONS
SECTION 10	-	MANUFACTURING AND INVENTORY CONTROL
SECTION 11	-	ACCOUNTING FOR THE ENTREPRENEUR

◆ RECOMMENDED TEACHING APPROACHES

To facilitate students' attainment of the objectives of this syllabus, teachers are advised to note the guidelines listed below.

- 1. The syllabus provides students with a grounding in fundamental concepts, practices and skills of Accounting. The major focus of the syllabus, however, is on the application of these concepts, practices and skills to aid the understanding of issues and problems both at the global and regional levels.*
- 2. Teachers are encouraged to develop lessons using themes that encompass topics from different sections of the syllabus. Therefore, during the delivery of instruction, teachers should highlight those topics across the syllabus that are related, in order to indicate the relevance and relationships.*
- 3. Teachers should use a variety of methodologies, such as role play, case studies, simulations, field trips, games, and presentations by resource personnel. Practical assignments and discussions on topical issues should be used where possible. **Throughout the syllabus, an asterisk* is used to highlight specific objectives for which practical activities are imperative.***
- 4. Where tangible and physical examples are not feasible, teachers are advised to utilise the resources on the internet and other electronic media, such as the Notesmaster learning content platform where selected resources are housed to support the syllabus.*

◆ SUGGESTED TIMETABLE ALLOCATION

It is recommended that a minimum of five (5) 40-minute periods per week (over a two-year period) or the equivalent should be allocated to the syllabus.

◆ CERTIFICATION

Candidates who sit the **CSEC®** Principles of Accounts examinations will be awarded an overall grade on a six-point scale. In addition to the overall grade, candidates' performance will be reported by a letter grade under profile dimensions of *Knowledge/Comprehension*, *Application*, *Interpretation and Analysis*. These profile dimensions are explained below.

◆ DEFINITION OF PROFILE DIMENSIONS

1. Knowledge/Comprehension

The ability to:

- (a) state, list or identify accounting concepts, terms and principles;
- (b) define and explain accounting concepts, principles, theories and procedures; and,
- (c) demonstrate an understanding of basic accounting concepts, principles, *and skills*.

2. Application

The ability to:

- (a) apply accounting concepts and principles to analyse issues; and,
- (b) apply accounting concepts, principles and *skills* to solve problems in various situations.

3. Interpretation and Analysis

The ability to:

- (a) select, organise and interpret accounting data presented in a variety of forms; and,
- (b) organise and present, logically and effectively, accounting ideas and arguments using verbal, graphical and numerical forms of communication.

◆ FORMAT OF THE EXAMINATIONS

The examination consists of Paper 01, Paper 02 and Paper 031 (School-Based Assessment). Paper 032 (alternative to the School-Based Assessment) is offered to private candidates as an alternative to the School-Based Assessment.

Paper 01
(1 hour 30 Minutes)
(60 marks)

A multiple-choice test of 60 items testing the profile dimensions Knowledge/Comprehension, Application, Interpretation *and Analysis*. The paper will sample proportionately, all sections of the syllabus as outlined below.

Paper 02
(3 hours)
(100 marks)

A problem-solving paper which will test the profile dimensions of Knowledge/Comprehension, Application (of accounting principles *and skills*) and Interpretation of *data* in the ratio 1:2:1.

Paper 02 consists of five compulsory questions drawn from the entire syllabus. Each question will be worth 20 marks.

Paper 031
(SBA)
(40 marks)

A *School-Based Assessment (SBA)* component covering the *Profile Dimensions of the syllabus*. Details are given on pages 32–36.

Paper 032
(1 hour 30 minutes)
(40 marks)

A set of compulsory short answer questions based on case studies. Details are given on pages 37.

Distribution of Items for Paper 01 (Multiple Choice Test)

Section	Title	No. of Items
1	Accounting as a Profession	4
2	Accounting as a System	4
3	Books of Original Entry	6
4	Ledgers and the Trial Balance	7
5	The Preparation and Analysis of Financial Statements of the Sole Trader	6
6	Accounting Adjustments	8
7	Control Systems	4
8	Accounting for Partnerships	5
9	Accounting for Limited Liability Companies, Co-operatives and Non Profit Organisations	8
10	Manufacturing and Inventory Control	4
11	Accounting for the Entrepreneur	4
	TOTAL	60

◆ WEIGHTING OF THE EXAMINATION COMPONENTS

The profile dimensions and examination papers will be weighted as set out below.

PROFILES	PAPER 01	PAPER 02	PAPER 031 (SBA)	TOTAL	Percentage (%)
Knowledge/Comprehension	15	25	10	50	(25)
Application	30	50	20	100	(50)
Interpretation and Analysis	15	25	10	50	(25)
TOTAL	60	100	40	200	(100)

◆ REGULATIONS FOR PRIVATE CANDIDATES

Private candidates must be entered for the examination through the Local Registrar in their respective territories. They will be required to sit Papers 01, 02, and Paper 032.

Paper 032 is a written examination designed for candidates whose research projects cannot be monitored by tutors in a recognised educational institution and who have been assigned by the Local Registrar to write Paper 032 at a designated examination centre.

◆ REGULATIONS FOR RESIT CANDIDATES

Resit candidates who have obtained a MODERATED score of 50 per cent or more of the SBA marks will not be required to repeat this component of the examination provided that they write the examination in the academic year immediately following their first sitting of the examination. Resit candidates who failed to achieve 50 per cent of the total SBA marks must repeat the project during the academic year in which the examination is repeated. Resit candidates must indicate at registration that they are resit candidates. ***See Regulations for the January Sitting.***

◆ REGULATIONS FOR THE JANUARY SITTING

1. All candidates for the January sitting who are taking **CSEC®** Principles of Accounts examination for the first time **MUST** write Paper 032.
2. There is no SBA option (Paper 031) available for January *for candidates who are writing the examination for the first time.*
3. *A resit candidate refers to a candidate who wrote Paper 031 (SBA) in the year immediately preceding the January examination, and obtained a **MODERATED** score of 50 per cent or more. Such a candidate is NOT required to write Paper 032 in January.*
4. *A candidate who qualifies as a resit candidate, that is, a candidate who obtained a **MODERATED** score of 50 per cent or more, but who wishes to try to improve on his/her grade, may write Paper 032 in January.*
5. *A candidate who did NOT qualify as a resit candidate, that is, who did not obtain 50 per cent or more in the SBA and who wishes to write the examination in January **MUST** write Paper 032.*

◆ SECTION 1: ACCOUNTING AS A PROFESSION

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. explain the concept and purposes of Accounting; | <p>Concept of “Accounting” and “Principles of Accounting”.</p> <p>Accounting as a business practice – the purpose of Accounting.</p> |
| <ol style="list-style-type: none"> 2. identify the users of accounting information; | <p>Internal and external users of accounting information and their needs.</p> |
| <ol style="list-style-type: none"> 3. describe <i>traditional and emerging</i> careers in the field of Accounting; and, | <p><i>Careers in areas such as:</i></p> <ol style="list-style-type: none"> (a) <i>banking;</i> (b) <i>management;</i> (c) <i>insurance; and,</i> (d) <i>entrepreneurship.</i> |
| <ol style="list-style-type: none"> 4. <i>discuss ethical issues in the field of Accounting.</i> | <ol style="list-style-type: none"> (a) <i>Ethical principles of Accounting. For example, Code of Ethics: objectivity, professional competence, integrity, professional behaviour, and confidentiality:</i> <ol style="list-style-type: none"> (i) <i>appropriate application of the ethical principles.</i> (ii) <i>inappropriate application of the ethical principles.</i> (b) <i>Appropriate application of accounting principles.</i> (c) <i>Inappropriate application of accounting principles. For example, fraud, tax-evasion.</i> (d) <i>Results of inappropriate application of accounting principles. For example, law suits, loss of job, loss of integrity, imprisonment, and fines.</i> |

SECTION 1: ACCOUNTING AS A PROFESSION (cont'd)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

- 1. Have students conduct research on the concept and purposes of Accounting, and identify the users of accounting information to form the basis of class discussions.*
- 2. Have students conduct research on traditional and emerging careers in the field of business to include accounting specialisations.*
- 3. Have students conduct research on ethical and unethical practices in Accounting and participate in a debate.*
- 4. Assign students to groups and have each group examine articles and case studies regarding ethical issues. Each group should present their findings to the class.*

RESOURCES

Austen, D. and Ellis, D. et al. *Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.*

WEBSITES

<http://smallbusiness.chron.com/ethics-accounting-profession-3738.html>

<https://www.ifac.org/system/files/publications/files/ifac-code-of-ethics-for.pdf>

<http://allaccountingcareers.com/accounting-careers>

<http://accounting-simplified.com/financial/users-of-accounting-information.html>

◆ SECTION 2: ACCOUNTING AS A SYSTEM

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

1. outline the concepts and conventions that guide the accounting process;

(a) accounting concepts and conventions; and,

(b) principles which guide the accounting process:

(i) accrual and matching;

(ii) prudence (conservatism);

(iii) consistency; and,

(iv) separate entity.

2. describe the accounting cycle;

The accounting cycle with its diagrammatic representations.

3. appraise the accounting features of various types of business organisations;

Types of business organisations:

(a) Sole Traders;

(b) Partnerships;

(c) Corporations (Limited Liability companies);

(d) Cooperatives; and,

(e) Non-Profit Organisations.

4. identify the main financial statements prepared by various business organisations;

Financial Statements:

(a) Income Statement (Trading and Profit and Loss A/C);

(b) Income and Expenditure A/C;

(c) Balance Sheets; and,

(d) Cash Flow Statements.

(Teachers are not expected to teach how to prepare the financial statements at this stage. However, the Income and Expenditure A/C should only be identified and the purpose stated). See Section 9.

SECTION 2: ACCOUNTING AS A SYSTEM (cont'd)

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|---|---|
| 5. assess the role and impact of technology on the accounting process; | (a) accounting processes which could be readily performed by the use of the computer, for example, payroll, <i>inventory</i> control, <i>receivables</i> and <i>payables</i> schedules; |
| | (b) software currently being used in Accounting; and, |
| | (c) advantages and disadvantages of using the computer in Accounting. |
| 6. explain the concept of a Balance Sheet and the balance sheet equation; | (a) Definition and purpose of a Balance Sheet. |
| | (b) Balance Sheet equation $A = C + L$. |
| 7. identify the components of a Balance Sheet; | <i>Definition and examples of Assets, Liabilities and Capital.</i> |
| 8. give examples of different types of assets and liabilities; | Definition and examples of <i>Non-current</i> Assets, Currents Assets, Current Liabilities, <i>Non-current</i> Liabilities. |
| 9. *construct Balance Sheets; and, | (a) Preparation of Balance Sheets. |
| | (b) Arrangement of Assets and Liabilities in order of: |
| | (i) permanence; and, |
| | (ii) liquidity. |
| 10. determine which items in a Balance Sheet will change as a result of various transactions. | <i>Effect of transactions on Balance Sheet items – increase or decrease in items while maintaining the Balance Sheet equation.</i> |

SECTION 2: ACCOUNTING AS A SYSTEM (cont'd)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Group students and assign each group to research and report on specific concepts and conventions that guide the accounting process. Encourage them to start individual collections of different artefacts to create a portfolio which they should develop as the course progresses.
2. Invite guest speakers to speak on the accounting features of various types of business organisations, or arrange for students to go on field trips which allow them to have first-hand experiences of various accounting features of organisations.
3. Invite guest speakers to speak on accounting software or arrange for students to go on field trips which allow them to have first-hand experiences of various accounting software used in organisations.
4. Engage students in research to identify the main financial statements prepared by various business organisations. Samples of these should be collected and a portfolio started.
5. Engage students in research and debate to assess the role and impact of technology on the accounting process.
6. Engage students in the construction of Balance Sheets after discussions, and demonstrations by the teacher.

RESOURCES

- | | |
|---------------------------------|---|
| Austen, D. and Ellis, D. et al. | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| Wood, F. and Robinson, S. | <i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i> |

◆ SECTION 3: BOOKS OF ORIGINAL ENTRY

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | | |
|----|---|---|
| 1. | explain the uses of books of original entry; | <p>The uses of Books of Original Entry:</p> <ul style="list-style-type: none"> (a) general journal; (b) purchases book; (c) sales book; (d) returns outwards book/<i>purchases returns</i>; (e) returns inwards book/<i>sales returns</i>; (f) cash book; and, (g) petty cash book. |
| 2. | distinguish between cash and credit transactions; | <p>Cash and credit transactions.
The use of forms of payment including:</p> <ul style="list-style-type: none"> (a) cash; (b) cheques; (c) credit cards; and, (d) debit cards. |
| 3. | identify source documents related to books of original entry; | <p><i>Source documents related to the books of original entry:</i></p> <ul style="list-style-type: none"> (a) sales invoice; (b) purchases invoice; (c) credit notes; (d) debit notes; (e) petty cash vouchers; (f) receipts from cash transactions; and, (g) non-cash transactions. |

SECTION 3: BOOKS OF ORIGINAL ENTRY (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
4. *prepare source documents for use in transaction descriptions;	Prepare source documents.
5. *translate source documents into transaction descriptions;	Use source documents prepared to create transactions.
6. *use source documents to make entries into books of original entry;	Identify the book of original entry to which transactions will be recorded. Record transactions using source documents: (a) purchases book; (b) sales book; (c) returns inwards book/sales returns; (d) returns outwards book/purchases returns; (e) cash book; and, (f) petty cash book.
7. distinguish between trade and cash discounts;	Treatment of trade discounts and cash discounts.
8. distinguish between discounts allowed and discounts received;	Cash discounts – discounts allowed and discounts received.
9. *balance cash books;	(a) Balancing of the cash book. (b) Balancing the petty cash book using the Imprest System.
10. interpret the balances of the cash books; and,	The significance of the balances brought down on the cash books.
11. *indicate treatment of totals from books of original entry.	Treatment of the totals from the books of original entry (Day Books).

SECTION 3: BOOKS OF ORIGINAL ENTRY (cont'd)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

- 1. Engage students in activities which require them to collect, prepare and translate source documents into transaction descriptions. Encourage students to collect artefacts of the different books of original entry and make individual entries in their portfolio.*
- 2. Engage students in activities which require them to use source documents to make entries into books of original entry. Discuss the impact of technology (for example in online transactions), and incorporate the use of related documents as much as possible in the activities.*
- 3. Engage students in activities which require them to balance the cash book and petty cash book. Discuss the impact of technology (for example in online transactions), and incorporate the use of related documents as much as possible in the activities.*

RESOURCES

Austen, D. and Ellis, D., et al.	<i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i>
Wood, F. and Robinson, S.	<i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i>
Wood, F. and Sangster, A.	<i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i>

◆ SECTION 4: LEDGERS AND THE TRIAL BALANCE

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|---|--|
| 1. describe the different classes of accounts; | <p><i>Classification of accounts:</i></p> <p>(a) Nominal – expenses and revenue;</p> <p>(b) Real – assets; and,</p> <p>(c) Personal – accounts receivable and accounts payable.</p> |
| 2. identify the different types of ledgers; | <p><i>Different types of ledgers for recording nominal, real and personal accounts:</i></p> <p>(a) general ledger;</p> <p>(b) sales/accounts receivable ledger; and,</p> <p>(c) purchases/accounts payable ledger.</p> |
| 3. explain the significance of debit and credit in each class of account; | Rules of entry for assets, liabilities, income (revenue), capital and expenses. |
| 4. *draw up simple account formats, neatly and accurately; | Recording transactions in accounts using the double entry system. |
| 5. *post from books of original entry to the general ledger and the subsidiary ledgers; | Posting to general and subsidiary ledgers. |
| 6. *balance and close accounts; | Balancing accounts: calculation of the balances <i>carried down (c/d)</i> and <i>bringing down (b/d)</i> those balances. |
| 7. interpret entries and balances; | <i>The significance of the balances brought down on the accounts.</i> |
| 8. *use the balances brought down to construct the trial balance; and, | <i>Preparation of the Trial balance.</i> |
| 9. outline the uses and limitations of the trial balance. | Uses and limitations of the trial balance. |



SECTION 4: LEDGERS AND THE TRIAL BALANCE (cont'd)

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. *Engage students in activities which require them to draw up simple account formats included in this Section of the syllabus. Attention should be paid to neatness and accuracy.*
2. *Engage students in activities which require them to prepare the trial balance. Attention should be paid to neatness and accuracy.*

RESOURCES

Austen, D. and Ellis, D. et al.	<i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i>
Wood, F. and Robinson, S.	<i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i>
Wood, F. and Sangster, A.	<i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i>

◆ SECTION 5: THE PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS OF THE SOLE TRADER

SPECIFIC OBJECTIVES

Students should be able to:

1. explain the purpose of preparing financial statements;
2. identify the components of the Financial Statements;
3. *draw up the *income statement for sole traders* to determine gross profit or loss and net profit or loss;
4. *prepare classified balance sheet in vertical style;
5. explain the significance of the working capital for the operation of a business;
6. *use ratios to determine the performance (profitability) of the business;
7. *calculate ratios to demonstrate the financial position of a business;
8. *show the effect of net profit or loss on capital; and,
9. make recommendations about a business based on ratio analysis.

CONTENT

The purpose of preparing Financial Statements to satisfy the needs of the users.

Trading and Profit and Loss Account and Balance Sheet.

Income statements for sole traders including adjustments for return inwards (sales returns) and return outwards (purchases returns), carriage – inwards and outwards; and closing inventory.

Definition of working capital (*net current assets*); calculation of working capital; preparation of classified Balance Sheet showing working capital.

Working capital as a basic tool for solvency; working capital formula.

Calculate simple ratios such as inventory turnover, average inventory, gross profit percentage, net profit percentage.

Use ratios to determine business performance.

(See Section 9, Specific Objective 10)

Calculate ratios such as current ratio; acid test ratio; return on investment.

Use ratios to analyse and interpret the financial position of a business.

(See Section 9, Specific Objective 10)

Treatment of net profit or loss on the Balance Sheet.

Preparation of simple reports evaluating a business based on ratios and making recommendations.



SECTION 5: THE PREPARATION AND ANALYSIS OF FINANCIAL STATEMENTS (cont'd)

Suggested Teaching and Learning Activity

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activity below.

Engage students in activities which require them to calculate ratios to determine the financial position of a business. Real figures should be provided from published reports and other authentic sources, for example, business prospectus and company annual reports which may be found on their websites as well as in print. Students should use these ratios to determine the performance (profitability) of the business. They should prepare simple reports evaluating the business based on ratios and make recommendations.

RESOURCES

Austen, D. and Ellis, D. et al.	<i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i>
Wood, F. and Robinson, S.	<i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i>
Wood, F. and Sangster, A.	<i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i>

◆ SECTION 6: ACCOUNTING ADJUSTMENTS

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | | |
|----|--|--|
| 1. | <i>explain accounting concepts that underpin the need for adjustments;</i> | <i>Prudence, accrual, consistency.</i> |
| 2. | <i>explain why adjustments are made to financial statements;</i> | <i>The reasons for adjustments; application of the matching/accruals concept.</i> |
| 3. | <i>prepare journal entries and ledger accounts to reflect adjustments and the treatment in the balance sheet;</i> | <i>Pre-payments – prepaid expenses and advanced revenues; Accruals – accrued expenses and revenues.</i>

<i>(a) Journal entries.</i>

<i>(b) Ledger accounts.</i> |
| 4. | <i>explain the reasons for bad debts;</i> | <i>Definition of bad and doubtful debts; reasons for bad debts (aging debtors) and provisions for doubtful debts.</i> |
| 5. | <i>*prepare journal entries and ledger accounts to write off bad debts and create provision for doubtful debts;</i> | <i>Journal entries and ledger accounts.</i> |
| 6. | <i>indicate the treatment of bad and doubtful debts in the Income Statement and Balance Sheet;</i> | <i>Accounting entries in the Income Statement and Balance Sheet.</i> |
| 7. | <i>discuss the nature of depreciation;</i> | <i>Definition of depreciation.</i>
<i>Causes of depreciation.</i>
<i>Factors to be considered when calculating depreciation (cost, estimated useful life and scrap value).</i> |
| 8. | <i>*calculate annual depreciation expenses using straight line method and reducing balance method;</i> | <i>Straight line method (using formula) and reducing balance method of depreciation.</i> |



SECTION 6: ACCOUNTING ADJUSTMENTS (cont'd)

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|--|---|
| 9. <i>*prepare journal entries and ledger accounts for provision for depreciation;</i> | Journal entries for the provision for depreciation; the maintenance of the provision for depreciation account; the treatment of accumulated depreciation on the Balance Sheet; the determination of Net Book Value (NBV). |
| 10. distinguish between capital expenditure and revenue expenditures; | Capital expenditure; revenue expenditure. |
| 11. determine the amount of expenses or revenues to be transferred to the <i>Income Statement</i> ; | Journal entries and Ledger accounts for expenses and revenues. |
| 12. <i>*prepare income statements to reflect adjusting entries; and,</i> | (a) Pre-payments and accruals.

(b) Indicate where accruals and prepayments will appear on the Balance Sheet. |
| 13. <i>*prepare Financial Statements after adjustments.</i> | The preparation of adjusted Financial Statements. |

Suggested Teaching and Learning Activity

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activity below.

Prepare worksheets with exercises in which students practise all the accounting adjustments included in this Section of the syllabus.

RESOURCES

- | | |
|--|---|
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC. Nelson Thornes, 2011.</i> |
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| <i>Stephens-James, L. and Burrows, L. et al.</i> | <i>Principles of Accounts for Caribbean Examinations. Ian Randle Publishers, 2011.</i> |
| <i>Wood, F. and Robinson, S.</i> | <i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i> |
| <i>Wood, F. and Sangster, A.</i> | <i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i> |

◆ SECTION 7: CONTROL SYSTEMS

SPECIFIC OBJECTIVES

Students should be able to:

1. *explain the uses of control systems in the accounting process;*
2. *outline the **THREE** most commonly used control systems in the accounting process;*
3. distinguish between those errors which affect and those which do not affect the trial balance;
4. *prepare journal entries for the correction of errors;
5. *explain the need for suspense account;*
6. *construct a suspense account;
7. *construct a statement of revised profit after the correction of errors;
8. explain the purposes of control accounts and how they are prepared;
9. identify the sources of information for entries made in control accounts;
10. *construct sales and purchases ledger control accounts;
11. explain the significance of the balances on control accounts;

CONTENT

(a) The need for control systems.

(b) Uses of control systems.

Common control systems:

(a) Suspense Account;

(b) Control Accounts; and,

(c) Bank Reconciliation Statements.

Types of errors.

Corrections of errors via journal entries.

Uses of the suspense account.

Suspense Accounts.

The effect of errors on the Income Statement and the Balance Sheet.

Uses of control accounts.

Sources of information for entries in control accounts.

Sales Ledger Control Accounts, Purchases Ledger Control Accounts.

Meaning (significance) of the balances on Control Accounts.



SECTION 7: CONTROL SYSTEMS (cont'd)

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | | |
|-----|--|---|
| 12. | identify items that will result in differences between cash book and bank statement balances; and, | Items that cause the difference between cash book and Bank statement balances and updating of the cash book:

<i>unpresented cheques; standing order; bank charges; late lodgments; and, dishonoured cheques.</i> |
| 13. | *construct a bank reconciliation statement using the adjusted cash book balance. | Uses and construction of the Bank Reconciliation Statement. |

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. *Provide exercises in which students practice all the accounting activities included in this Section of the syllabus.*
2. *Engage students in activities to examine and comment on items recorded on specimen bank statements.*

RESOURCES

- | | |
|--|---|
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC. Nelson Thornes, 2011.</i> |
| <i>Austen, D. and Ellis, D. et al.</i> | <i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i> |
| <i>Stephens-James, L. and Burrows, L. et al.</i> | <i>Principles of Accounts for Caribbean Examinations. Ian Randle Publishers, 2011.</i> |
| <i>Wood, F. and Robinson, S.</i> | <i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i> |
| <i>Wood, F. and Sangster, A.</i> | <i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i> |

◆ SECTION 8: ACCOUNTING FOR PARTNERSHIPS

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|--|--|
| 1. define a partnership business; | Definition of partnership; comparison of a partnership with sole traders and corporations; types of partners. |
| 2. state the features of a partnership; | Features of partnership – voluntary association, mutual agency, unlimited liability. |
| 3. give reasons for establishing partnerships; | Reasons for formation of partnership, for example, increased capital, diverse skills. |
| 4. outline the essential components of a partnership agreement; | Features of partnership agreement, including share of profits, interest on capital and drawings, salaries. |
| 5. *prepare journal entries and ledger accounts to record the capital of partnership; | The capital account of partners – cash and non-cash resources; types of capital account – fixed and fluctuating capital accounts and their implications. |
| 6. *use various methods to share profit/loss among partners; | Methods of sharing profit/loss: capital ratio, fixed percentage, equally. |
| 7. *prepare appropriation account of partnerships; | The preparation of the appropriation account. |
| 8. *prepare current account of partners; | The current account prepared with items posted from the appropriation account; columnar form and single accounts. |
| 9. explain the significance of the brought down balances on partners' current accounts; and, | The significance of the debit and credit balances brought down on the current accounts. |
| 10. *prepare balance sheet of partnerships. | The treatment of current account balances on the balance sheet; (<i>emphasis on capital section</i>). |

SECTION 8: ACCOUNTING FOR PARTNERSHIPS

Suggested Teaching and Learning Activity

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activity below.

*Engage students in activities which allow them to practise the accounting concepts and principles related to partnerships. Ensure that students engage in AT LEAST ONE activity for EACH Specific Objective indicated with an asterisk.**

RESOURCES

Austen, D. and Ellis, D. et al.	<i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i>
Stephens-James, L. and Burrows, L. et al.	<i>Principles of Accounts for Caribbean Examinations. Ian Randle Publishers, 2011.</i>
Wood, F. and Robinson, S.	<i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i>
Wood, F. and Sangster, A.	<i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i>

◆ SECTION 9: ACCOUNTING FOR LIMITED LIABILITY COMPANIES, CO-OPERATIVES AND NON-PROFIT ORGANISATIONS

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|--|---|
| 1. identify the essential features of <i>limited liability</i> companies, <i>co-operatives</i> and <i>non-profit organisations</i> ; | <p>(a) Features of limited liability companies, co-operatives, non-profit, public and private organisations.</p> <p>(b) Principles of limited liability companies, co-operatives, non-profit, public and private organisations.</p> |
| 2. <i>identify the types of limited liability companies, co-operatives and non-profit organisations</i> ; | <i>Types of limited liability companies, co-operatives (for example, Credit Union, Agricultural Societies) and non-profit organisations.</i> |
| 3. <i>outline the advantages and disadvantages of a limited liability company</i> ; | Advantages and disadvantages of limited liability companies. |
| 4. describe the various methods of raising capital available to limited liability companies and co-operatives; | <p>Methods of raising capital – equity (preference and ordinary shares), debt (debentures, bank loans).</p> <p><i>Shareholders' equity:</i>
Elements of shareholders' equity: share capital, reserves.</p> |
| 5. identify the various types of shares and the rights of the owners of each type of share; | Types of shares; rights and privileges of owners of each type of share. |
| 6. *prepare journal entries to record the issue of shares and debentures; | Journal entries to record capital. |
| 7. *calculate dividend payments for various types of shares; | *Calculation of dividend payments. |
| 8. *appropriate profits between dividends and reserves; | Appropriation of profits (dividends and reserves). |



SECTION 9: ACCOUNTING FOR LIMITED LIABILITY COMPANIES, CO-OPERATIVES AND NON-PROFIT ORGANISATIONS (cont'd)

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|---|--|
| <p>9. *prepare the final accounts of limited liability companies and co-operatives;</p> | <p>(a) Final accounts of limited liability companies.</p> <p>(b) Preparation of Income Statement showing distribution of surplus.</p> <p>(c) Preparation of Balance Sheet.</p> |
| <p>10. *analyse performance and position using ratios; and,</p> | <p>Calculation and interpretation of accounting ratios (See Section 5, Specific Objectives 6 and 7).</p> |
| <p>11. *prepare receipts and payment accounts for non-profit organisations.</p> | <p>Preparation of receipts and payment accounts only.</p> |

Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Engage students in activities which allow them to practise the accounting concepts and principles related to limited liability companies, co-operatives and non-profit organisations. Ensure that students engage in AT LEAST ONE activity for EACH Specific Objective indicated with an asterisk*.
2. Invite guest speakers to visit and make presentations on limited liability companies, co-operatives and non-profit organisations or arrange for students to go on field trips which allow them to have first-hand experiences of the operation of limited liability companies.

RESOURCES

Austen, D. and Ellis, D. et al. *Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide.* Nelson Thornes, 2012.

WEBSITE

<http://smallbusiness.chron.com/basic-bookkeeping-principles-56316.html>

◆ SECTION 10: MANUFACTURING AND INVENTORY CONTROL

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | | |
|----|---|--|
| 1. | distinguish between direct and indirect costs; | Elements of cost: direct materials, direct labour and factory overheads. |
| 2. | *prepare manufacturing accounts; | Preparation of manufacturing account showing: <ul style="list-style-type: none"> (a) cost of raw material consumed; (b) prime cost; (c) factory overheads; (d) work in progress; and, (e) cost of production. |
| 3. | *calculate unit cost of items produced; | Calculation of unit cost of items produced. |
| 4. | *prepare final accounts for a manufacturing concern; | Preparation of Trading, Profit and Loss Account and Balance Sheet of a manufacturer. |
| 5. | *apply basic costing principles; | <i>Basic costing principles, for example, cost-plus pricing, absorption costing, mark-up pricing.</i> |
| 6. | <i>list methods of inventory valuation; and,</i> | <i>Methods of inventory valuation:</i> <ul style="list-style-type: none"> (a) <i>First in, First out (FIFO);</i> (b) <i>Last in, First out (LIFO); and,</i> (c) <i>Average cost (AVCO).</i> |
| 7. | <i>*calculate the value of closing inventory using either FIFO or LIFO; AVCO.</i> | <ul style="list-style-type: none"> (a) <i>Calculate the value of closing inventory.</i> (b) <i>Assess the effect of different methods of inventory valuation on profit.</i> |



SECTION 10: MANUFACTURING AND INVENTORY CONTROL (cont'd)

Suggested Teaching and Learning Activity

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activity below.

Engage students in activities which allow them to practise the accounting concepts and principles related to manufacturing and inventory control. Ensure that students engage in AT LEAST ONE activity for EACH Specific Objective indicated with an asterisk.*

RESOURCES

Austen, D. and Ellis, D. et al.	<i>Principles of Accounts for CSEC, A Caribbean Examinations Council Study Guide. Nelson Thornes, 2012.</i>
Stephens-James, L. and Burrows, L. et al.	<i>Principles of Accounts for Caribbean Examinations. Ian Randle Publishers, 2011.</i>
Wood, F. and Robinson, S.	<i>Principles of Accounts for the Caribbean, 5th Edition. Pearson Education Limited, 2007.</i>
Wood, F. and Sangster, A.	<i>Business Accounting 1, 12th Edition. Pearson Education Limited, 2012.</i>

WEBSITES

<http://accountingrevision.blogspot.com/2012/01/manufacturing-accounts.html>

<http://www.accountingtools.com/cost-plus-pricing>

<https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/pricing-8/general-pricing-strategies-62/markup-pricing-312-10616/>

◆ SECTION 11: ACCOUNTING FOR THE ENTREPRENEUR

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|--|--|
| <p>1. <i>list methods of payment;</i></p> | <p>(a) Employees.</p> <p>(b) Goods and Services.</p> <p>(c) Suppliers.</p> <p><i>Methods of payment, for example, cheques, standing orders, direct deposits (direct debit), cash, electronic fund transfer and point of sale (EFTPOS).</i></p> |
| <p>2. identify basic source documents of the payroll;</p> | <p>Use of time cards, time books, electronic clock-in cards, employee earnings records.</p> |
| <p>3. <i>*prepare spreadsheet to arrive at net pay amounts after deductions;</i></p> | <p>Preparation of payroll and wage documents from time cards, computer records.</p> |
| <p>4. <i>identify main accounting software used for payroll;</i></p> | <p>Main accounting software used for payroll, for example, Quick Books, Peach Tree Accounting.</p> |
| <p>5. distinguish between voluntary and statutory deductions;</p> | <p>Statutory and voluntary/non-statutory deductions.</p> |
| <p>6. <i>*calculate employees' earnings;</i></p> | <p>(a) <i>calculating gross and net pay (wages);</i></p> <p>(b) <i>calculating overtime from employee records; and,</i></p> <p>(c) <i>calculation of statutory deductions and non-statutory deductions, for example, income tax, social security and mortgage.</i></p> |
| <p>7. <i>*prepare cash flow projections within a six-month period;</i></p> | <p><i>Preparation of simple cash flow projection and outflow.</i></p> <p><i>Inflows: sales, owners' equity, cash, grants, surplus cash/profit (by month four or five).</i></p> <p><i>Outflows: overhead expenses – utilities, wages and salaries, transportation (and other expenses that the business may incur).</i></p> |



SECTION 11: ACCOUNTING FOR THE ENTREPRENEUR (cont'd)

SPECIFIC OBJECTIVES

CONTENT

Students should be able to:

- | | |
|---|---|
| 8. <i>*prepare sales and production budgets for a three-month period; and,</i> | <i>Preparation of simple sales and production budgets (sale targets, production costs, production inputs).</i> |
| 9. <i>*use accounting knowledge and skills to prepare a simple business plan.</i> | <i>Preparation of a simple business plan for a small project, for example, rearing chickens, farming cash crops, craft.</i> |

Suggested Teaching and Learning Activity

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. *Engage students in activities which allow them to practise the accounting concepts and principles addressed in this Section of the syllabus. Ensure that students engage in AT LEAST ONE activity for EACH Specific Objective indicated with an asterisk*.*
2. *Engage students in simple projects that will allow them to maintain a cash flow projection over a given period. Use cash flow projection to analyse and compare the actual outcome.*

RESOURCES

- | | |
|---|--|
| <i>Holdip, G. and Lamorell, C.</i> | <i>Principles of Accounts for CSEC Examinations. Macmillan Publishers, 2010.</i> |
| <i>Dansby, R. and Burton, K. et al.</i> | <i>College Accounting 4th Edition Revised. EMC Paradigm, 2003.</i> |

◆ GUIDELINES TO TEACHERS FOR THE CONDUCT OF THE SCHOOL-BASED ASSESSMENT IN BUSINESS STUDIES (PRINCIPLES OF ACCOUNTS, PRINCIPLES OF BUSINESS AND ECONOMICS)

School-Based Assessment (SBA) is an integral part of student assessment in the course covered by this syllabus. It is intended to assist students in acquiring certain knowledge, skills and attitudes that are associated with the subject. The activities for the School-Based Assessment are based on the syllabus and should form part of the learning activities to enable the student to achieve the objectives of the syllabus.

During this course of study, students obtain marks for the competencies they develop and demonstrate in undertaking their SBA assignments. These marks contribute to the final marks and grades that are awarded to students for their performance in the examination.

The guidelines provided in this syllabus for selecting appropriate tasks are intended to assist teachers and students in the selection of assignments that are valid for the purpose of School-Based Assessment. The guidelines provided for the assessment of these assignments are intended to assist teachers in awarding marks that are reliable estimates of the achievement of students in the School-Based Assessment component of the course. In order to ensure that the scores awarded by the teachers are consistent with the Caribbean Examinations Council's standards, the Council undertakes the moderation of a sample of the SBA assignments submitted by the school.

School-Based Assessment provides an opportunity to individualise a part of the curriculum to meet the needs and interests of students. It facilitates feedback to the student at various stages of the experience. This helps to build the self-confidence of students as they proceed with their studies. The SBA also facilitates the development of research and analytical skills, and critical skills and abilities, emphasised by the subject and enhances the validity of the examination scores.

RESEARCH PROJECT

The School-Based Assessment component of the *syllabuses in Business Studies* is a single guided research project for school candidates. The project should involve the manipulation of research data *including data collection, analysis and interpretation*. All activities selected must be within the law and must lend themselves to the collection of business data and application of business principles identified in the mark scheme.

Students are required to investigate a topic, issue or problem in a business related area of study (Principles of Accounts, Principles of Business and Economics). Students should:

1. *identify the issue, topic or problem to be investigated;*
2. *discuss the background to the issue, topic or problem;*
3. *state the objective of the investigation;*
4. *describe methodology and instruments used to collect data;*
5. *present and analyse the data;*

6. *state the conclusion based on findings;*
7. *make recommendations (at least two) based on the findings;*
8. *acknowledge sources (bibliography); and,*
9. *include appendices: questionnaire, source documents, diagrams, charts, interview questions and statistical data.*

Examples of possible organisations and areas for research:

1. school's cafeteria and stationery shop;
2. snack shop at school events;
3. *school projects (for Agriculture Science, Home Economics, TVET and Junior Achievement programmes);*
4. income and expenditure statements;
5. business plans;
6. *published financial reports such as those found in the business section of local newspapers, statistical reports including national income statistics, balance of payments statistics, survey of living conditions, household budgetary surveys, annual economic reports of Central Banks, Ministries of Finance and Planning Units, annual reports of firms in the region, budget speeches of ministers of Finance or reviews of estimates of income and expenditure for ministries of Finance;*
7. *economic information available on the internet (for example, e-commerce);*
8. events coordinated by students such as concerts and fashion shows; and,
9. sporting and other cultural clubs at school *or in the community.*

SBA REQUIREMENTS

Every candidate who enters for the **CSEC® Principles of Accounts** examination must submit a report on a project. Students may work individually or in groups to gather the *data*. Each candidate must be *identified on the report*. The report should **not exceed 1,000 words**, (not including appendices). Wherever a *report* exceeds the maximum length for the project by more than 10 per cent, the teacher must impose a penalty of 10 per cent of the score achieved on the project. On the *report*, the teacher should clearly indicate the original score – that is, the score before the deduction is made – the marks which are to be deducted, and the final score *awarded* after the deduction has been made.

Only the final score is to be indicated on the record sheets which are submitted to **CXC® electronically via the SBA data capture module on the Online Registration System (ORS) on the Council's website.**

Students doing more than one subject in the Business cognate group (Principles of Accounts, Principles of Business, and Economics) should submit one SBA report based on a topic relevant to the subjects being taken by the student and which allows the student to utilise skills that are common and relevant to the field of Business.

PROJECT REPORTS

A student's report should be presented electronically and should comprise the following in the order prescribed below.

1. *Table of Contents*
2. *Topic, Issue or Problem*
3. *Objective of the Project (The objective should be related to the issue and NOT the SBA)*
4. *Background to OR Overview of the Topic, Issue or Problem*
5. *Methodology (Data collection and instrumentation)*
6. *Presentation and Analysis of Data*
7. *Conclusion*
8. *Recommendations*
9. *Bibliography*
10. *Appendices*

MARK SCHEME FOR RESEARCH PROJECTS

The project should be marked out of 40, weighted as follows:

<i>Knowledge and Comprehension (KC)</i>	-	10 marks
<i>Application (A)</i>	-	20 marks
<i>Interpretation and Analysis (IA)</i>	-	10 marks

MARK SCHEME FOR SCHOOL-BASED ASSESSMENT

PROJECT AREAS	PROFILE DISTRIBUTION			TOTAL
	Knowledge and Comprehension	Application	Interpretation and Analysis	
Table of Contents Table of contents accurately links pages to content – 1 mark (KC)	1			1
Topic/Issue/Problem - Topic/issue/problem is clearly stated – 1 mark (KC) - Topic/issue/problem accurately describes the project – 1 mark (KC)	2			2
Objectives - Objectives are clearly stated and linked to the topic/issue/problem – 1 mark (A) - Objectives are realistic – 1 mark (A)		2		2
Background/Overview - Includes a description of the topic/issue/problem - Description includes the history – 1 mark (KC) - Description includes the development – 1 mark (KC) - Establishes the need for research - Why/how is the topic/issue/problem important to student – 1 mark (A) - Impact of topic/issue/problem on society – 1 mark (A)	2	2		4
Methodology - Data collection instrument clearly described – 1–2 marks (KC) - Data collection instrument appropriate for type of data – 1 mark (A) - Included at least two instruments of data collection – 1 mark (A) - Method of data collection clearly described – 1–2 marks (A) - Method of data collection adequately justified – 1–2 marks (IA) - Limitations of data collection method clearly stated – 1–2 marks (A)	2	6	2	10
Presentation and Analysis of Data	2	4	4	10

PROJECT AREAS	PROFILE DISTRIBUTION			TOTAL
	Knowledge and Comprehension	Application	Interpretation and Analysis	
- Data is presented in appropriate form using tables, charts, graphs – 1–2 marks (KC) - Data presented are relevant to the objectives of the project – 1–2 marks (KC) - Data is adequately analysed – 1–2 marks (A) - Data is analysed using appropriate statistics – mean, median, mode – 1–2 marks (IA) - Findings are consistent with analyses – 1–2 marks (IA)				
Conclusion - Conclusion succinctly summarises the project – 1–2 marks (A) - Conclusion is logical and based on findings – 1–2 marks (A)		4		4
Recommendation - Recommendations are realistic and informed by findings – 1–2 marks (IA) - Recommendations contribute to a better understanding of the topic/issue/problem – 1–2 marks (IA)			4	4
Bibliography Bibliography contains names of authors, name of publisher(s), names and dates of publication, and are written in alphabetical order – 1 mark (KC)	1			1
Overall presentation - Consistently uses correct spelling and grammar – 1 mark (A) - Expression of ideas logical and unambiguous – 1 mark (A)		2		2
TOTAL	10	20	10	40

MANAGEMENT OF THE PROJECT

School-Based Assessment tasks should be completed in the course of normal teaching time and supervised and marked by the teacher. Although some of the data collection and research work must be undertaken outside of normal school time, the teacher must be satisfied that the work submitted for assessment is the student's own work.

The teacher must:

1. provide assistance to students in the selection of projects;
2. advise students of the nature of the task, the scope and depth required to fulfill the requirements of the SBA;
3. advise on the availability of resource materials;
4. monitor students' progress by advising them of the quality of their work and by recommending ways to improve the quality of the project;
5. collect and grade students' projects;
6. keep records of students' marks and submit these, together with samples of their work, as requested by **CXC**[®]; and,
7. ensure that the SBA guidelines are closely followed and the marking criteria are adequately met.

◆ GUIDELINES TO TEACHERS FOR THE ALTERNATIVE TO SCHOOL-BASED ASSESSMENT

The Alternative to the School-Based Assessment in **CSEC**[®] Principles of Accounts (Paper 032), is offered to private candidates and takes the form of a written examination in lieu of the *School-Based Assessment* for school candidates. Private candidates are required to write Paper 032 in addition to Paper 01 and Paper 02.

Paper 032 will consist of a case study and candidates will be required to answer questions based on the case study. It is weighted in the same way as the Paper 031 (SBA) for school candidates, as shown in the table below.

WEIGHTING OF PAPER (032)				
Knowledge/ <i>Comprehension</i>	<i>Application</i>	<i>Interpretation and Analysis</i>	Total Marks	% of Total Exam
10	20	10	40	20

Candidates are advised to familiarise themselves with the syllabus in order to prepare adequately for Paper 032. **Please note that candidates taking Paper 032 are NOT required to submit a project.**

◆ FORMULAE

1. Assets = Capital + Liabilities
2. Net Current Assets (Working Capital) = Current Assets – Current Liabilities
3. Current (Working Capital) Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
4. Return on Capital Employed (ROCE) = $\frac{\text{Profit before Interest} \times 100}{\text{Capital Employed}}$
5. Net Profit Percentage = $\frac{\text{Net Profit}}{\text{Sales (Revenue)}} \times 100$
6. Gross Profit Percentage = $\frac{\text{Gross Profit}}{\text{Sales (Revenue)}} \times 100$
7. Stock/Inventory Turnover = $\frac{\text{Cost of Sales (Cost of Goods Sold)}}{\text{Average Inventory}}$
8. Acid Test Ratio = $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$
9. Current (working capital) Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
10. Trade Receivables to Sales = $\frac{\text{Accounts Receivables}}{\text{Credit Sales for the year}} \times 365$
11. Trade Payables to Purchases = $\frac{\text{Trade Payables}}{\text{Credit Purchases for the year}} \times 365$
12. Average Inventory = $\frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$
13. Rate of Inventory Turnover (Inventory Turnover) = $\frac{\text{Cost of Goods Sold (Cost of Sales)}}{\text{Average Inventory}}$
14. Straight line method of calculating depreciation = $\frac{\text{Cost} - \text{Disposal Value}}{\text{Number of years}}$

◆ GLOSSARY OF ACCOUNTING TERMS

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Accounting</i>	<i>The process of recording, summarising, analysing and interpreting of financial data to make informed judgments and decisions.</i>
<i>Accounting Adjustments</i>	<i>A business transaction which has not yet been included in the accounting records of a business on a specific date.</i>
<i>Accounting Cycle</i>	<i>A series of steps for the recording and the use of information for decision-making.</i>
<i>Accounts Payable</i>	<i>A person to whom money is owed for goods or services. (Formerly known as creditors).</i>
<i>Accounts Receivables</i>	<i>A person who owes money to the business for goods or services supplied. (Formerly known as debtors).</i>
<i>Accrual and Matching Concept</i>	<i>When calculating profit or loss for a period, all revenues and expenses must be taken into account whether or not cash was actually paid or received.</i>
<i>Accrued Expenses</i>	<i>An expense for which the benefit has been received but which has not been paid for by the end of the period.</i>
<i>Accrued Revenues</i>	<i>Revenues from a source other than the main source of business revenue that were due to be received by the end of the period but which have not been received by that date.</i>
<i>Accumulated Depreciation</i>	<i>The account where depreciation is accumulated for the balance sheet purposes.</i>
<i>Acid Test Ratio</i>	<i>Financial ratio that measures the ability of the firm's liquid current assets to pay short-term debts.</i>
<i>Adjusting Entries</i>	<i>Journal entries recorded at the end of an accounting period to alter the ending balances in various general ledger accounts.</i>
<i>Advanced Revenues</i>	<i>Revenues that have not yet been earned, but represent products or services that are owed to a customer.</i>
<i>Average Stock</i>	<i>The average value of stock during a financial year, calculated by adding together the values of the stock at the beginning of the year and end of the year and dividing by two.</i>
<i>Bad Debts</i>	<i>A debt that a business will not be able to collect.</i>
<i>Balance Sheet</i>	<i>A statement showing assets, liabilities and capital of a business.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Bank Charge</i>	<i>Charges and fees made by a bank to their customers.</i>
<i>Bank Reconciliation Statement</i>	<i>A calculation showing that the cash book bank column balance agrees with the bank statement balance.</i>
<i>Budget</i>	<i>An estimate of income and expenditure for a set period of time.</i>
<i>Business Plan</i>	<i>Setting out a business's future objectives and strategies for achieving them.</i>
<i>Business Technology</i>	<i>Refers to applications of science, data, engineering, and information for business purposes, such as the achievement of economic and organisational goals. The main element of technology is the idea of change, and how it can affect business and society.</i>
<i>Capital</i>	<i>The total resources invested and left in a business by its owner.</i>
<i>Capital Expenditure</i>	<i>When a business spends money to buy or add value to a fixed asset.</i>
<i>Capital Ratio</i>	<i>The extent to which a financial institution finances its operations by issuing shares and retaining profits expressed as a percentage of its assets.</i>
<i>Carriage</i>	<i>Cost of transportation of goods. Cost of transportation of goods purchased by a business is known as carriage inwards while the cost of transportation of goods to the customers is known as carriage outwards.</i>
<i>Cash Book</i>	<i>Book of original entry for cash and bank receipts and payments.</i>
<i>Cash Discounts</i>	<i>An allowance given for quick payment of an account owing.</i>
<i>Cash Flow</i>	<i>Total money being transferred into and out of a business, especially as affecting liquidity.</i>
<i>Cash Flow Projection</i>	<i>A projection showing how cash will be generated and disposed of by an organisation.</i>
<i>Cash Resources</i>	<i>Money available to a business for spending in the form of cash, liquid securities and credit lines.</i>
<i>Closing Inventory</i>	<i>The amount of inventory a company has in stock at the end of its financial year.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Columnar Accounts</i>	<i>Accounts making use of multiple columns in order to better display their information. Where there are several accounts of similar format such as partnership current accounts, they may be in columnar form.</i>
<i>Consistency Concept</i>	<i>Keeping the same method of recording and processing transactions.</i>
<i>Control Accounts</i>	<i>An account which checks the arithmetical accuracy of the subsidiary ledgers.</i>
<i>Control Systems</i>	<i>Ensuring compliance with accounting policies and procedures, protecting the organisation's assets, and preparing reliable and timely financial reports.</i>
<i>Co-operatives</i>	<i>A business entity formed to further the economic welfare of its members by providing them with goods and services.</i>
<i>Corporations Ltd Liability Companies</i>	<i>See limited liability company.</i>
<i>Credit Notes</i>	<i>A document sent to a customer showing allowance given by a supplier in respect to unsatisfactory goods.</i>
<i>Current Ratio</i>	<i>A ratio comparing current assets with current liabilities.</i>
<i>Debenture</i>	<i>Loan to a company.</i>
<i>Debit Notes</i>	<i>A document sent to a supplier showing allowance to be given for unsatisfactory goods.</i>
<i>Depreciation</i>	<i>The part of the cost of a fixed asset consumed during its period of use by the firm.</i>
<i>Discounts Allowed</i>	<i>A reduction from the amount due given to customers who pay their accounts within the time allowed.</i>
<i>Discounts Received</i>	<i>A deduction from the amount due given to a business by a supplier when their account is paid before the time allowed has elapsed.</i>
<i>Dishonoured Cheque</i>	<i>A cheque which the writer's bank has refused to make payment upon.</i>
<i>Dividends</i>	<i>The amount given to shareholders as their share of the profits of a company.</i>
<i>Doubtful Debts</i>	<i>Debts which a business is unlikely to be able to collect.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
Drawings	Money or goods taken out of the business by the owner for their private use.
Earnings	Money obtained in return for goods or services provided.
E-Business	The concept is broader than e-commerce, and includes the transaction based e-commerce businesses and those who run traditionally but cater to online activities as well. An e-business can run any portion of its internal processes online, including inventory management, risk management, finance, human resources. For a business to be e-commerce and e-business, it must both sell products online and handle other company activities or additional sales offline.
E-Commerce	Any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods and services. Transactions are not required to have a price and include both sales and items like free downloads. E-commerce includes transactions made on the internet, Intranet, Extranet, World Wide Web, by email and even by fax.
<i>Employee Earnings Record</i>	<i>A record that details an employee's payroll history.</i>
<i>Equity</i>	<i>Another name for capital.</i>
<i>Error</i>	<i>A non-fraudulent discrepancy in financial documentation.</i>
<i>Estimated Useful Life</i>	<i>Lifespan of a depreciable non-current asset, during which it can be expected to contribute to business operations.</i>
<i>Final Accounts</i>	<i>Statements produced at the end of an accounting period.</i>
Financial Institution	An establishment that conducts financial transactions such as investments, loans and deposits. Everything from depositing money to taking out loans and exchanging currencies must be done through financial institutions (www.investopedia.com).
<i>Financial Statement</i>	<i>Statement produced at the end of an accounting period.</i>
<i>Fixed Assets</i>	<i>Assets which have a long life and which were bought with the intention to use them in the business.</i>
<i>Fixed Capital Assets</i>	<i>The portion of the total capital that is invested in fixed assets, that stay in the business almost permanently.</i>
<i>Fixed Percentage</i>	<i>The same amount of depreciation is recognised each year.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Fluctuating Capital Assets</i>	<i>When the capitals of partners are fluctuating, all adjustments with regards to the interest on capitals, interest on drawings, partners' salaries and the like, are passed through the capital accounts of the partners.</i>
<i>General Journal</i>	<i>A book of original entry for all items not included in the other books of original entry.</i>
<i>General Ledgers</i>	<i>A ledger for all accounts other than those for customers and suppliers.</i>
<i>Gross Loss</i>	<i>Where the cost of goods sold exceeds the sales revenue.</i>
<i>Gross Pay</i>	<i>The amount of wages or salary before deductions are made.</i>
<i>Gross Profit</i>	<i>Where the sales revenue exceeds the cost of goods sold.</i>
<i>Gross Profit Percent</i>	<i>Calculation that shows the proportion of sales comprised of those costs directly related to either goods sold or services rendered in order to generate sales.</i>
<i>Imprest System</i>	<i>A system where a refund is made of the total paid out in a period in order to restore the float to its agreed level.</i>
<i>Income Statement</i>	<i>Financial report that shows an entity's financial results over a specific period of time.</i>
Information Communication Technology (ICT)	ICT covers any product that will store, retrieve, manipulate, transmit or receive information electronically in a digital form. For example, personal computers, digital television, email, robots. In business, ICT is often categorised into two broad types of product: 1. Traditional computer-based technologies (things you can typically do on a personal computer or using computers at home or at work). 2. Digital communication technologies (which allow people and organisations to communicate and share information digitally).
<i>Inventory</i>	<i>Goods in which the business normally deals that are held with the intention of resale. (Formerly known as stock).</i>
<i>Inventory Control</i> <i>Inventory Valuation</i>	<i>The process employed to maximise a company's use of inventory. Provide monetary value for items that make up inventory.</i>
<i>Late Lodgment</i>	<i>A receipt recorded in the cash book but which was paid late to the bank after the bank statement was prepared.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Ledger (Sales/Debtor, purchases, general)</i>	<i>Collection of an entire group of similar accounts in completing the double entry in accounting.</i>
<i>Limited Liability Company</i>	<i>An organisation owned by its shareholders, whose liability is limited to their share capital.</i>
<i>Liquidity</i>	<i>The ability of a business to pay its debts as they fall due and to meet unexpected expenses within a reasonable settlement period.</i>
<i>Manufacturing Accounts</i>	<i>An account in which production cost is calculated.</i>
<i>Mutual Agency</i>	<i>A legal relationship between partners in a partnership where each partner has authorisation powers and the ability enter the partnership into business contracts.</i>
<i>Net Book Value (Nbv)</i>	<i>The cost of a fixed asset with depreciation deducted.</i>
<i>Net Current Assets</i>	<i>Current assets minus current liabilities. Same as working capital.</i>
<i>Net Loss</i>	<i>Where the cost of goods sold plus expenses are greater than the revenue.</i>
<i>Net Pay</i>	<i>The amount of wage or salary after deductions are made.</i>
<i>Net Profit</i>	<i>Where sales revenue plus other income exceeds the sum of cost of goods sold plus other expenses.</i>
<i>Net Profit Per cent</i>	<i>Per cent of revenue left after all expenses have been deducted from sales.</i>
<i>Nominal Accounts</i>	<i>Accounts in which expenses, revenues and capital are recorded.</i>
<i>Non-Cash Resources</i>	<i>Resources correlating to expenses that are essentially just accounting entries rather than actual movements of cash.</i>
<i>Non-Current Assets</i>	<i>Assets bought which have long life and are to be used in the business.</i>
<i>Non-Current Liabilities</i>	<i>Liabilities that will be settled in the longer term, which is usually more than one year.</i>
<i>Non-Profit Organisations</i>	<i>A form of business owned by a group of people called members. The common interest or aim of the members is to fulfill the needs of members rather than making a profit.</i>
<i>Non-Statutory Deductions</i>	<i>Deductions made from pay at an employee's request.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Ordinary Shares</i>	<i>Shares entitled to dividends after the preference shareholders have been paid their dividends.</i>
<i>Overheads</i>	<i>Refers to indirect manufacturing costs.</i>
<i>Overtime</i>	<i>Hours worked in excess of eight consecutive hours.</i>
<i>Partnerships</i>	<i>A firm in which two or more people are working together as owners with a view to making profits.</i>
<i>Payroll</i>	<i>A list of employees employed by a business to whom a wage or salary is paid.</i>
<i>Permanence</i>	<i>Arrangement of assets in order of how everlasting they are, with the items likely to be used by the business for the longest period, listed first.</i>
<i>Personal Accounts</i>	<i>Accounts for accounts receivables and payables.</i>
<i>Petty Cash Book</i>	<i>A cash book for small payments.</i>
<i>Petty Cash Vouchers</i>	<i>A form used by someone requesting payment for a small item of expenditure incurred on behalf of the business.</i>
<i>Preference Shares</i>	<i>Shares that are entitled to an agreed rate of dividends before the ordinary shareholders receive anything.</i>
<i>Pre-Payments</i>	<i>An expense or revenue that has been paid or earned in advance.</i>
<i>Prime Cost</i>	<i>Direct materials plus direct labour plus direct expenses.</i>
<i>Principles of Accounts</i>	<i>Refers to the basic or fundamental principles in Accounting.</i>
<i>Private Organisations</i>	<i>A limited company that must issue its shares privately.</i>
<i>Production Budget</i>	<i>Calculates the number of units of products that must be manufactured and is derived from a combination of sales forecast and the planned amount of finished goods inventory to have on hand.</i>
<i>Profitability</i>	<i>Measures the firm's potential to obtain and maintain revenues that exceed expenses.</i>
<i>Prudence</i>	<i>Ensuring that profit is not shown as being too high, or that assets are shown as too high a value and that the financial statements are neutral.</i>
<i>Public Organisations</i>	<i>A company that can issue its shares publicly, and for which there is no maximum number of shareholders.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Purchase Book</i>	<i>Book of original entry for credit purchases.</i>
<i>Purchase Invoice</i>	<i>A source document received by a purchaser showing details of goods bought and their prices.</i>
<i>Purchase Ledger Control Account</i>	<i>This ledger segregates into one location a record of the amounts a company spends with its suppliers.</i>
<i>Purchases Returns</i>	<i>Goods returned to supplier. Also known as returns outwards.</i>
<i>Ratios</i>	<i>Measures the relative efficiency of a firm based on its use of its assets leverage or other such balance sheet items and are important in determining whether a company's management is doing a good enough job of generating revenues and cash from its resources.</i>
<i>Raw Material</i>	<i>Basic materials from which goods and products are made.</i>
<i>Real Accounts</i>	<i>Accounts in which property of all kinds are recorded.</i>
<i>Receipts</i>	<i>A form acknowledging receipt of money for goods or services rendered.</i>
<i>Reducing Balance Method</i>	<i>A method of calculating depreciation based on principle that annual depreciation is calculated as a percentage of the net-of-depreciation-to-date balance brought forward at the start of the period on the fixed asset.</i>
<i>Reserves</i>	<i>The transfer of apportioned profits to accounts for use in future years.</i>
<i>Returns</i>	<i>Goods returned by a business to its suppliers or by a customer to a business.</i>
<i>Returns Inwards</i>	<i>Goods returned by customers. Also known as sales returns.</i>
<i>Returns Outwards</i>	<i>Goods returned to suppliers. Also known as purchases returns.</i>
<i>Revenue Expenditure</i>	<i>Expenses needed for the day-to-day running of the business.</i>
<i>Salary</i>	<i>A fixed sum of money paid out on a monthly basis for an employee.</i>
<i>Sales Book</i>	<i>Book of original entry for credit sales.</i>
<i>Sales Budget</i>	<i>An itemisation of a company's sales expectations for the budget period, in both units and dollars.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Sales Invoice</i>	<i>Source document showing details of goods sold and the prices of those goods.</i>
<i>Sales Ledger Control Account</i>	<i>Part of the balance sheet that shows at any given time how much your customers owe you/your business.</i>
<i>Sales Returns</i>	<i>Goods returned by customers. Also known as returns inwards.</i>
<i>Scrap Value</i>	<i>The expected or estimated value of the asset at the end of its useful life.</i>
<i>Separate Entity</i>	<i>Basic accounting concept that we should always separately record the transactions of a business and its owners.</i>
<i>Share Capital</i>	<i>Money invested in a company by the shareholders.</i>
<i>Shareholder (Equity)</i>	<i>Owners of shares in a limited liability company.</i>
<i>Sole Traders</i>	<i>Where one person or a single family operates a firm.</i>
<i>Solvency</i>	<i>The possession of assets in excess of liabilities; ability to pay one's debt.</i>
<i>Source Documents</i>	<i>Written evidence of a business transaction.</i>
<i>Spreadsheet</i>	<i>A worksheet that is arranged in rows and columns of a grid and can be manipulated and used in calculations.</i>
<i>Standing Order</i>	<i>A medium used to enable payments to be made automatically at given dates into a bank account for an amount agreed by the payer.</i>
<i>Statutory Deductions</i>	<i>Compulsory deductions required by law to be taken out by the employer from each employee pay.</i>
<i>Stock Turnover</i>	<i>The number of times stock is sold in an accounting period.</i>
<i>Straight Line Method</i>	<i>A method of calculating depreciation that involved deducting the same amount every accounting period from the original cost of the fixed asset.</i>
<i>Subsidiary Ledgers</i>	<i>Contains accounts that do not appear in the general ledger.</i>
<i>Suspense Accounts</i>	<i>An account in which you can enter the amount equal to the difference in the trial balance while you try to find the cause of the error(s) that resulted in the failure of the trial balance to balance.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Trade Discounts</i>	<i>A deduction in price given to a trade customer when calculating the price to be charged to that customer for some goods.</i>
<i>Transactions (Cash/Non-Cash)</i>	<i>An event that is recorded in the accounting system.</i>
<i>Trial Balance</i>	<i>A list of account titles and their balances in the ledgers on a specific date, shown in debit and credit columns.</i>
<i>Unlimited Liability</i>	<i>Should a business fail, the owner stands to lose not only what he/she invested but also their personal assets.</i>
<i>Unrepresented Cheque</i>	<i>A cheque which has been given to a creditor but which has not yet been received and processed by the writer's bank.</i>
<i>Vertical Style</i>	<i>A style in formatting where the columns are one above the other. It shows the flow of fund in a given period.</i>
<i>Voluntary Association</i>	<i>Group of individuals joined together on the basis of mutual interest or common objectives, especially a business group that is not organised or constituted as a legal entity.</i>
<i>Voluntary Deductions</i>	<i>Deductions that are made at an employee's request.</i>
<i>Wages</i>	<i>Payment made to a worker in return for services rendered and usually paid weekly.</i>
<i>Work In Progress</i>	<i>Items not completed at the end of a period.</i>
<i>Working Capital</i>	<i>Current assets minus current liabilities.</i>

◆ GLOSSARY OF EXAMINATION TERMS

<u>WORDS/TERMS</u>	<u>DEFINITIONS/MEANINGS</u>
account for	present reason for action or event
annotate	add a brief note to a label
apply	use knowledge of principles to solve problems
assess	present reasons for the importance of particular structures, relationships or process
calculate	arrive at the solution to a numerical problem
classify	divide into groups according to observable characteristics
comment	state opinion or view with supporting reasons
compare	state similarities and differences
construct	use a specific format to make and draw a graph, histogram, pie chart or other representation using data or material provided or drawn from practical investigations, build (for example, a model), draw scale diagram
deduce	make a logical connection between two or more pieces of information; use data to arrive at a conclusion
define	state concisely the meaning of a word or term
demonstrate	show; direct attention to...
describe	provide detailed factual information of the appearance or arrangement of a specific structure or a sequence of a specific process
determine	find the value of a physical quantity
design	plan and present with appropriate practical detail
develop	expand or elaborate an idea or argument with supporting reasons
diagram	simplified representation showing the relationship between components.
differentiate	state or explain briefly those differences between or among items which can be used to define the items or place them into separate categories.
discuss	present reasoned argument; consider points both for and against; explain the relative merits of a case
draw	make a line representation from specimens or apparatus which shows an accurate relation between the parts
estimate	make an approximate quantitative judgement

<u>WORDS/TERMS</u>	<u>DEFINITIONS/MEANINGS</u>
evaluate	weigh evidence and make judgements based on given criteria
explain	give reasons based on recall; account for
find	locate a feature or obtain as from a graph
formulate	devise a hypothesis
identify	name or point out specific components or features
illustrate	show clearly by using appropriate examples or diagrams, sketches
investigate	use simple systematic procedures to observe, record data and draw logical conclusions
label	add names to identify structures or parts indicated by pointers
list	itemise without detail
measure	take accurate quantitative readings using appropriate instruments
name	give only the name of
note	write down observations
observe	pay attention to details which characterise a specimen, reaction or change taking place; to examine and note scientifically
outline	give basic steps only
plan	prepare to conduct an investigation
predict	use information provided to arrive at a likely conclusion or suggest a possible outcome
record	write an accurate description of the full range of observations made during a given procedure
relate	show connections between; explain how one set of facts or data depend on others or are determined by them
sketch	make a simple freehand diagram showing relevant proportions and any important details
state	provide factual information in concise terms outlining explanations
suggest	offer an explanation deduced from information provided or previous knowledge (... a hypothesis; provide a generalisation which offers a likely explanation for a set of data or observations.)
test	to find out, following set procedures



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Specimen Papers and Mark Schemes/Keys

Specimen Paper: - Paper 01
Paper 02
Paper 032

Mark Scheme and Key: - Paper 01
Paper 02
Paper 032



CANDIDATE – PLEASE NOTE!

PRINT your name on the line below and return this booklet with the answer sheet. Failure to do so may result in disqualification.

TEST CODE **01239010**

FORM SPEC 2017

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 01 – General Proficiency

1 hour 30 minutes

SPECIMEN PAPER

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This test consists of 60 items. You will have 1 hour and 30 minutes to answer them.
2. In addition to this test booklet, you should have an answer sheet.
3. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
4. On your answer sheet, find the number which corresponds to your item and shade the space having the same letter as the answer you have chosen. Look at the sample item below.

Sample Item

Prime cost is calculated by adding direct factory expenses to the

- (A) cost of goods sold
- (B) sale of fixed assets
- (C) sale of finished goods
- (D) cost of materials used

Sample Answer



The best answer to this item is “cost of materials used”, so (D) has been shaded.

5. If you want to change your answer, erase it completely before you fill in your new choice.
6. When you are told to begin, turn the page and work as quickly and as carefully as you can. If you cannot answer an item, go on to the next one. You may return to that item later.
7. You may use a silent, non-programmable calculator to answer items.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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01239010/SPEC 2017

Items **1–2** refer to the following information for Dee’s business:

Dee commenced business on January 1, 2015. She has decided to create provision for doubtful debts to 5% of trade receivables. The following particulars relate to three financial years:

Year	Trade Receivables
	\$
2015	40 000
2016	35 000
2017	45 000

1. What is the total provision for doubtful debts at the end of 2016?

(A) \$1 750
(B) \$2 000
(C) \$2 250
(D) \$3 750
2. The effect of provision for doubtful debts on the income statement in 2017 is

(A) an increase of \$250
(B) a decrease of \$250
(C) an increase of \$500
(D) a decrease of \$500
3. Which of the following is NOT a capital expenditure?

(A) Replacement costs
(B) Purchase costs
(C) Delivery costs
(D) Repair costs

Items **4–5** refer to the following information.

Office equipment was purchased for \$155,000. Its useful life is 5 years and the residual value is \$20,000.

4. What is the depreciation expense for the second year?

(A) \$ 27 000
(B) \$ 54 000
(C) \$ 81 000
(D) \$135 000
5. The total net book value at the beginning of year 4 is

(A) \$ 27 000
(B) \$ 81 000
(C) \$ 74 000
(D) \$101 000
6. Which of the following is NOT classified as revenue expenditure for a motor vehicle?

(A) Depreciation
(B) Oil change
(C) Cost of fixing a flat tire
(D) Installation of air conditioning
7. The accounting entry for writing off a bad debt is

(A) Dr Cash
Cr Bad debt

(B) Dr Provision for bad debt
Cr Bad debt

(C) Dr Bad debt
Cr Accounts payable

(D) Dr Bad debt
Cr Accounts receivable

GO ON TO THE NEXT PAGE

8. A business shows accounts receivable as \$84 000 and the provision for doubtful debts as \$5040. The business is therefore maintaining a provision for doubtful debts of
- (A) 3%
(B) 5%
(C) 6%
(D) 8%
9. At the end of the financial year D Waters' business paid Insurance of \$1 000 in advance for the following year. How will this adjustment affect D Waters' financial statements?
- (A) Increase expenses
Increase current assets
(B) Increase expenses
Decrease current assets
(C) Decrease expenses
Increase current assets
(D) Decrease expenses
Decrease current assets

-
10. S House rents apartments. For the year he collects \$42,000 in rent. In 2016, Mr House collected \$40 000. What is the correct journal entry to adjust rent revenue at the end of 2016?

(A)

Date	Details	Dr	Cr
2016		\$	\$
31 December	Accrued rent revenue	2000	
	Rent revenue		2000

(B)

Date	Details	Dr	Cr
2016		\$	\$
31 December	Rent revenue	40 000	
	Prepaid rent revenue		40 000

(C)

Date	Details	Dr	Cr
2016		\$	\$
31 December	Rent revenue	2000	
	Accrued rent revenue		2000

(D)

Date	Details	Dr	Cr
2016		\$	\$
31 December	Bank	40 000	
	Income statement		40 000

GO ON TO THE NEXT PAGE

11. Homes Guest House pays electricity of \$500 each month. At the end of the financial year, Homes paid \$6 500 on this utility. The required adjusting entry is known as

(A) accrued expense
(B) accrued revenue
(C) prepaid expense
(D) prepaid revenue

Items **12–13** refer to the following information.

A motor vehicle which costs \$150 000 is to be depreciated by 10% per annum. It is expected to remain in the business for 4 years.

12. Using the Reducing Balance Method, what is the provision for depreciation after 3 years?

(A) \$10 930
(B) \$12 150
(C) \$13 500
(D) \$15 000

13. What is the net book value of the motor vehicle at the end of the 4 years?

(A) \$ 98 415
(B) \$ 98 145
(C) \$100 145
(D) \$109 350

14. For the first 3 years Dyasha Designs calculated the straight line method of depreciation in its fixed assets. In year 4, the business decided to calculate depreciation using the reducing balance method. The accounting concept that is being violated is

(A) Accrual
(B) Prudence
(C) Matching
(D) Consistency

Items **15–16** refer to the following information in which Rhylexi Enterprises discovered the following errors in its ledger.

- I. A purchase of a photocopier for \$3 750 was treated as the purchase of inventory for sale.
II. A credit sale of \$615 to B Maharaj was entered in the books as \$651.
III. An invoice was received from M Lewis for \$350. Purchases was dr. and N Lewis was cr.

15. The errors discovered in I, II and III respectively are

(A) error of principle, compensating error, error of commission
(B) error of principle, error of original entry, error of commission
(C) error of commission, error of complete reversal, error of principle
(D) error of commission, error of partial reversal, error of original entry

16. What is the double entry to correct error III?

(A)	Dr Purchases	Cr M Lewis
(B)	Dr N Lewis	Cr M Lewis
(C)	Dr Purchases	Cr N Lewis
(D)	Dr. M Lewis	Cr N Lewis

GO ON TO THE NEXT PAGE

17. A purchase of office equipment for \$5 700 was debited in the purchases account. What is the correct journal entry to correct this error?

(A)

Date	Details	Dr	Cr
		\$	\$
	Purchases	5 700	
	Office equipment		5 700
	To record the correction of an error of commission		

(B)

Date	Details	Dr	Cr
		\$	\$
	Office equipment	5 700	
	Bank		5 700
	To record the correction of an error of commission		

(C)

Date	Details	Dr	Cr
		\$	\$
	Purchases	5 700	
	Bank		5 700
	To record the correction of an error of principle		

(D)

Date	Details	Dr	Cr
		\$	\$
	Office equipment	5 700	
	Purchases		5 700
	To record the correction of an error of principle		

GO ON TO THE NEXT PAGE

18. Which of the following situations would require the preparation of a suspense account?

- I. Sold inventory for cash. This transaction was completely left out from the books.
- II. Paid cash into bank. Both bank and cash were debited.
- III. Purchased a motor vehicle on credit from Van Sales Ltd for \$100 000. \$10 000 was debited in motor vehicle account in error.

- (A) I and II only
- (B) I and III only
- (C) II and III only
- (D) I, II and III

Item 19 refers to the following information.

The purchase of office machinery for \$255 cash was entered in the books as follows:

Dr Office machinery \$255 Dr Cash \$255

19. What is the double entry required to correct this error?

- (A) Dr Office machinery \$255
Cr Cash \$255
- (B) Dr Cash \$255
Cr Suspense \$255
- (C) Dr Suspense \$510
Cr Cash \$510
- (D) Dr Cash \$510
Dr Suspense \$510

20. Which of the following errors would affect the business income statement?

- I. The drawings figure of \$1 781 was entered as \$1 871.
- II. Discount allowed of \$450 was treated as discount received.
- III. The telephone bill was undercast by \$275.

- (A) I and II only
- (B) I and III only
- (C) II and III only
- (D) I, II and III

21. Which of the following groups of accounts are found in the Purchases Ledger control A/C?

- (A) Total purchases, refunds, return inwards, discount allowed
- (B) Cash purchases, cash received, return inwards, discount received
- (C) Cheque purchases, cash received, return outwards, discount allowed
- (D) Credit purchases, cash payments, return outwards, discount received

GO ON TO THE NEXT PAGE

Items **22–23** refer to the following.

On December 31, 2016, Lochan prepared her control Accounts. The following information was provided.

	\$		\$
Credit sales	3 000	Discount allowed	675
Credit purchases	3 500	Discount received	346
Return inwards	350	Receipts from trade receivables	4 500
Return outwards	300	Payments to trade payables	3 000
Dishonoured cheque	225		

22. What is the original balance on the sales ledger control account?

- (A) Dr Balance \$2 300
- (B) Cr Balance \$2 300
- (C) Dr Balance \$ 146
- (D) Cr Balance \$ 146

23. What is the debit side total for the purchases control account?

- (A) \$3 500
- (B) \$3 646
- (C) \$5 525
- (D) \$8 521

GO ON TO THE NEXT PAGE

24. Which of the following are items found in the cash book but not on the bank statement?

- (A) Direct debit
- (B) Standing order
- (C) Credit transfer
- (D) Unpresented cheques

25. A bank statement is a document issued by the

- (A) bank to its customers, providing information on deposits and payments made by the customer
- (B) business to the bank, providing information on deposits and payments made by the business
- (C) bank to its suppliers, receiving information on deposits and payments made by the bank
- (D) business to the bank, receiving information on deposits and payments made by the business

Item 26 refers to the following information.

	\$
Balance as per cash book	4 000
Unpresented cheque	2 500
Late lodgements	1 200
Bank charges	25

26. What is the balance as per the bank statement?

- (A) \$2 725
- (B) \$5 275
- (C) \$5 300
- (D) \$5 325

Item 27 refers to the following information for D. Valentine's cash book.

The cash book showed a credit balance of \$1500. Upon receipt of her bank statement the following items were discovered: standing order \$250, direct debit, \$375, bank charges \$25, credit transfer \$975.

27. What is the updated cash book balance?

- (A) Cr \$2 150
- (B) Cr \$1 175
- (C) Dr \$1 500
- (D) Dr \$ 975

28. All the following are internal users of accounting except:

- (A) potential investors
- (B) board of directors
- (C) employees
- (D) owners

29. Which of the following items will be recorded in the Returns Inwards Journal of L Cheng Ltd.?

- (A) Sale made for cash
- (B) Sales made on credit
- (C) Customer returns faulty goods to L Cheng Ltd.
- (D) faulty good returned to a supplier by L Cheng Ltd.

30. When a transaction is credited in the bank column of the cash book what source of payment is used in this transaction?

- (A) Cash
- (B) Cheque
- (C) Debit card
- (D) Credit card

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31. The process of recording, summarizing, analyzing and interpreting of financial data to make informed decisions is known as:

(A) accounting adjustments
(B) accounting cycle
(C) book keeping
(D) accounting

32. The source document entered in the Purchases Journal is a

(A) purchases invoice
(B) purchases receipts
(C) credit note
(D) debit note

33. Which of the following is NOT ethical principle of accounting:

(A) due care
(B) integrity
(C) subjectivity
(D) professional behaviour

34. The manager of S Danielle's Enterprises has instructed the accounts clerk to omit some of the entries totally from the books. This unethical practice is known as:

(A) fraudulent financial reporting
(B) misappropriation of assets
(C) disclosure
(D) penalties

Items **35–36** refer to a sales invoice received by H Leon with the following information:

To: P Grey
From: N Black
Items: 15 Rolls book cover @ \$2 each
2 dozen Ppens @ \$20 per doz
30 folders @ \$1.50 each
Trade discount: 10%

35. What would be the total on the invoice?

(A) \$115.00
(B) \$110.00
(C) \$105.30
(D) \$103.50

36. Trade discount is the amount

(A) received by wholesalers
(B) on which taxes are charged
(C) written off the total invoice
(D) written off the purchase price

Item **37** refers to the following information shown in books of original entry.

Date 2016	Details	Debit Note No.	\$
November 10	Q. Quan	322	18
November 23	E Eck	323	25

37. Which book of original entry would reflect the entry above?

(A) Returns Outwards Journal
(B) Returns Inwards Journal
(C) Petty Cash Book
(D) Cash Book

GO ON TO THE NEXT PAGE

38. Which of the following is LEAST likely to be a method of payment for employees:

(A) cash
(B) paypal
(C) cheque
(D) direct deposit

39. Which of the following is NOT considered to be an outflow?

(A) Rent
(B) Sales
(C) Utilities
(D) Wages and salaries

40. Ms. Forbes sells pens at school. She made a projection of sales for a 3-month period. All her pens are sold for \$5.00. The estimated sales in units were:

April sales 100 units
May sales 200 units
June sales 50 units

What is the total expected sales at the end of June?

(A) \$ 300
(B) \$ 500
(C) \$1,500
(D) \$1,750

41. Which of the following is NOT entered in the partnership appropriation account?

(A) Drawings
(B) Interest on capital
(C) Partnership salaries
(D) Interest on drawings

42. If a buyer's invoice has been overstated, the seller should send him a

(A) debit note
(B) credit note
(C) returns voucher
(D) corrected invoice

Item 43 refers to the following information obtained from a petty cashier

	\$
Imprest amount	350
Petty cash expenses	325
Received for stationery	20

43. What amount will be reimbursed to restore the imprest?

(A) \$ 5
(B) \$ 25
(C) \$300
(D) \$305

44. The total in the purchases book signifies total

(A) cash and credit purchases
(B) credit purchases
(C) cash purchases
(D) purchases

GO ON TO THE NEXT PAGE

Item **45** refers to the following information which was provided by a trader.

	\$
Accounts receivable January 1, 2017	9 300
Cash received from customers during the year	18 200
Accounts receivable December 31, 2017	10 700

- 45.** What was his credit sales for the year?
- (A) \$19 600
(B) \$19 8500
(C) \$20 000
(D) \$38 200
- 46.** The total in the purchases book signifies total
- (A) cash and credit purchases
(B) credit purchases
(C) cash purchases
(D) purchases
- 47.** Land, machinery, fixtures and fitting and inventory, are all examples of
- (A) liabilities accounts
(B) personal accounts
(C) nominal accounts
(D) real accounts
- 48.** V Verano sold goods on credit to W Watson. In which ledger would the record of the transaction for W Watson appear?
- (A) purchases ledger
(B) general ledger
(C) sales ledger
(D) cash ledger

- 49.** Which of the following documents should NOT be used when calculating total wages?
- (A) Pay sheet
(B) Time sheet
(C) Employees' register
(D) Income tax return forms
- 50.** Using the permanency method, the descending order in which current assets should be shown in a balance sheet is
- (A) cash, bank, accounts receivable, inventory
(B) inventory, accounts receivable, bank, cash
(C) inventory, bank, cash, accounts receivable
(D) accounts receivable, inventory, bank, cash

Item **51** refers to the following entries.

	Account	To Record	Entry in Account
I.	Liabilities	An increase A decrease	Debit Credit
II.	Assets	An increase A decrease	Debit Credit
III.	Capital	An increase A decrease	Debit Credit

- 51.** Which of the following are INCORRECT?
- (A) I and II only
(B) I and III only
(C) II and III only
(D) I, II and III

GO ON TO THE NEXT PAGE

52. Which of the following ratios determines the profitability of the business?
- (A) Capital ratio
 - (B) Current ratio
 - (C) Inventory turnover
 - (D) Return on investment
53. The term 'Limited' after the name of a Company means that
- (A) a member's liability is limited to the amount of shares purchased in the company
 - (B) a shareholder can purchase only a limited number of shares in a company
 - (C) the company engages in the sale of a limited range of products
 - (D) the company is legally registered and can commence operation
54. Which of the following can have its shares traded on the stock exchange?
- (A) A partnership
 - (B) A public company
 - (C) A private company
 - (D) A co-operative society
55. Which of the following types of investment carries a fixed rate of interest whether profit is made or not?
- (A) Debentures
 - (B) Preference shares
 - (C) Cumulative preference
 - (D) Participating preference
56. Which of the following is NOT an asset?
- (A) Cash
 - (B) Premises
 - (C) Inventory
 - (D) Creditors
57. Mr X bought a motor van for personal use but has recorded the information in the books of his business. Which accounting concept did Mr X breach?
- (A) Going concern
 - (B) Business entity
 - (C) Money measurement
 - (D) Historical cost concept
58. Which of the following are ALL components of the Income statement?
- (A) Net sales, Cost of sales, Net profit
 - (B) Non-current liabilities, Capital, Expenses
 - (C) Net current assets, Gross profit, Cost of sales
 - (D) Gross profit, Current assets, Current liabilities

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Item **59** refers to the following information.

Office equipment	\$6 500	Accounts receivable	\$1 000
Accounts payable	\$ 750	Bank overdraft	\$2 500
Inventory	\$4 500	Cash	\$6 000

- 59.** What is the value of the net current assets?
- (A) \$ 3 250
 - (B) \$ 8 250
 - (C) \$11 500
 - (D) \$14 750
- 60.** Which of the following can be found on both the income statement and on the balance sheet?
- (A) Drawings
 - (B) Net profit
 - (C) Bank overdraft
 - (D) Accounts receivables

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SUBJECT: PRINCIPLES OF ACCOUNTS – Paper 01

PROFICIENCY: GENERAL

REGISTRATION NUMBER:

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FULL NAME: _____
(BLOCK LETTERS)

Signature: _____

Date: _____

2. Ensure that this slip is detached by the Supervisor or Invigilator and given to you when you hand in this booklet.
3. Keep it in a safe place until you have received your results.

INSTRUCTION TO SUPERVISOR/INVIGILATOR:

Sign the declaration below, detach this slip and hand it to the candidate as his/her receipt for this booklet collected by you.

I hereby acknowledge receipt of the candidate's booklet for the examination stated above.

Signature: _____
Supervisor/Invigilator

Date: _____

ANSWER KEY

Item No.	Key	Syllabus Reference	Item No.	Key	Syllabus Reference
1.	A	6 (6)	31.	D	1(2)
2	C	6 (6)	32.	A	3(3b)
3.	D	6 (10)	33.	C	1(2)
4.	A	6 (8)	34.	C	1(2)
5.	C	6 (8)	35.	D	3(3a)
6.	D	6 (10)	36.	D	3(6)
7.	D	6 (5)	37.	A	3(5d)
8.	C	6 (5)	38.	B	11(1)
9.	C	6 (12)	39.	B	11(7)
10.	A	6 (3)	40.	D	11(8)
11.	C	6 (3)	41.	A	8(7)
12.	B	6 (8)	42.	B	3(3c)
13.	A	6 (8)	43.	D	3(8c)
14.	D	6 (1)	44.	B	3(10)
15.	B	7(3)	45.	A	4(7)
16.	B	7(4)	46.	B	4(7)
17.	D	7(3);7(4)	47.	D	4(1b)
18.	C	7(5);7(6)	48.	C	4(2b)
19.	C	7(8)	49.	D	11(2)
20.	C	7(7)	50.	B	2 (9)
21.	D	7(8);7(9)	51.	B	2(10)
22.	A	7(11)	52.	C	5(6)
23.	B	7(11)	53.	A	9(1)
24.	D	7(12)	54.	A	9(2)
25.	A	7(12)	55.	C	9(5)
26.	B	7(12)	56.	D	2(7)
27.	B	7(12)	57.	B	2(1)
28.	C	1 (2)	58.	A	5(2)
29.	C	3 (1e)	59.	B	5(5)
30.	B	3 (2b)	60.	A	6(6);9(9)

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SUBJECT PRINCIPLES OF ACCOUNTS – Paper 02

PROFICIENCY GENERAL

REGISTRATION NUMBER

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SCHOOL/CENTRE NUMBER

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NAME OF SCHOOL/CENTRE

CANDIDATE’S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH

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MAY/JUNE 2017

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Paper 02 – General Proficiency

Specimen Paper

3 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of FIVE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. DO NOT write in the margins or above or below questions.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

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Answer ALL questions.

1. R. Pierre is in the process of preparing her final accounts. The following information was made available on 31 March 2017.

	\$
Total non-current assets	106 800
Trade payables	17 600
Net sales	260 000
Closing inventory	12 000
Capital (1 April 2016)	76 200
Cost of sales	86 000
General expenses	90 800
Accounts receivable	9 550
Cash at bank	35 000
Cash in hand	7 650
Drawings	6 000

- (a) Determine the following for R. Pierre (**show working**):

- (i) Net profit

(2 marks)

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- (ii) Gross profit percentage

(2 marks)

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- (ii) Calculate current ratio.

(2 marks)

- (c) Based on the current ratio in (c) (ii) above, briefly explain to Ms. Pierre's her current financial position.

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(5 marks)

Total 20 marks

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2. Michelle Martin maintains both a three-column cash book and a petty cash book. The petty cash float is \$300 every month. All payments for stationery and cleaning expenses are recorded in the petty cash book.

The balances at 1 December 2016 were as follows:

	\$
Cash	900
Bank	5 300
Petty cash	55

During the month of December, the following transactions were recorded in the books:

- December 1 Restored imprest by cash to the petty cash book
- 8 Paid \$500 rent by cheque \$500
- 9 Received \$900 cash from S. Smith in full settlement of his account for \$1 000
- 10 Purchased office stationery for \$15, and cleaning supplies for \$25.95
- 12 Bought office stationery for \$52.50
- 13 Purchased printing paper for \$9.95
- 15 Deposited \$400 cash into bank
- 16 P. Kan paid his account of \$800 by cheque, less 5% discount
- 19 Owner withdrew \$200 cash for private use
- 21 Purchased heavy duty stapler for \$39.75
- 25 Paid cheque to L. Lamb for amount owing, \$800 receiving 2% discount
- 28 Paid cleaning wages for \$75

- (a) Draw up a three-column cash book for Michelle Martin for the month of December 2016.
(8 marks)

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Michelle Martin
Cash Book

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- (b) Draw up a petty cash book for Michelle Martin for the month of December 2016.

Michelle Martin
Petty Cash Book

Amount \$	Date	Details	Total \$	Stationery \$	Cleaning \$

(7 marks)

- (c) What is the significance of the balances in the cash books?

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(5 marks)

Total 20 marks

3. Jollibee Limited manufactures antique furniture. The following is a list of accounts for the year ended December 31, 2016.

	\$
Raw materials inventory 1/1/2016	150 000
Finished goods inventory 1/1/2016	50 000
Work in progress 1/1/2016	10 000
Purchase of raw materials during the year	200 000
Factory workers wages	40 000
Office staff wages	10 000
Factory equipment at cost	300 000
Factory repairs	5 000
Carriage inwards on raw materials	3 000
Factory electricity	2 000

The following additional information was also provided at December 31, 2016:

	\$
Raw materials inventory (31/12/2016)	50 000
Finished goods inventory (on hand 31/12/2016)	30 000
Work in progress inventory (31/12/2016)	20 000
Depreciation of Factory equipment	20%

GO ON TO THE NEXT PAGE

- (i) Cost of raw materials used
- (ii) Prime costs
- (iii) Production costs

GO ON TO THE NEXT PAGE

- (b) During the year ended December 31, 2016 Jollibee Limited manufactures a total of 50 000 antique furniture. Calculate the unit cost of production for the year.

(2 marks)

- (c) List the methods of inventory valuation.

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(3 marks)

- (d) Identify TWO types of payment Jollibee Limited may use for goods purchased.

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(2 marks)

- (e) Identify TWO skills needed for a career in the field of accounting.

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(2 marks)

Total 20 marks

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4. (a) Outline TWO advantages of starting a limited liability company rather than a partnership type company.

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(2 marks)

- (b) List FOUR ethical issues encountered in accounting.

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(4 marks)

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Robert More Company Limited issued the following to shareholders

200 000 ordinary \$2 shares are par

100 000 10% preference \$5 shares at par

500 \$100 debentures

- (c) Prepare the journal entry, **using the form provided below**, to show the issue of shares and debentures for the above company (narrative required).

Date	Details	Ref	Debit \$	Credit \$

(10 marks)

GO ON TO THE NEXT PAGE

Jamrock Charity Club lists the following balances for the period ended December 31, 2016.

	\$
Subscriptions received	20 000
Bar takings	15 000
Bar purchases	10 000
Purchased equipment	10 000
Depreciation expense for the year	2 000

- (d) Prepare a Receipts and Payments Account for the Jamrock Charity Club for the period ended December 31, 2016.

	\$		\$

(4 marks)

Total 20 marks

GO ON TO THE NEXT PAGE

5. (a) List TWO accounting software programmes used for payroll.

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(2 marks)

- (b) State TWO differences between statutory deductions and voluntary deductions.

Statutory Deductions	Voluntary Deductions

(4 marks)

Quick Fix Electronics produces and sells a new model of computers. The computers sell for \$3 000 per unit. As a result of the intense competition Quick Fix faces, management budget sales quarterly, the projections for the first 4 quarters for 2016 are as follows:

UNIT SALES

Quarter 1	Quarter 2	Quarter 3	Quarter 4
3 000	4 000	7 000	8 000

No anticipated changes in the selling price

(c) Prepare a sales budget for each quarter showing the following:

- (i) the unit selling price
- (ii) the expected sales
- (iii) the total

Details	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year as a whole

(7 marks)

(d) List FOUR main sections of a business plan.

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(4 marks)

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- (e) Identify THREE essential features of a Co-operative.

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(3 marks)

Total 20 marks

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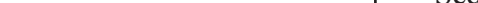
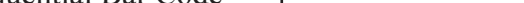
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SUBJECT: PRINCIPLES OF ACCOUNTS – Paper 02

PROFICIENCY: GENERAL

REGISTRATION NUMBER:

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FULL NAME: _____
(BLOCK LETTERS)

Signature: _____

Date: _____

2. Ensure that this slip is detached by the Supervisor or Invigilator and given to you when you hand in this booklet.
3. Keep it in a safe place until you have received your results.

INSTRUCTION TO SUPERVISOR/INVIGILATOR:

Sign the declaration below, detach this slip and hand it to the candidate as his/her receipt for this booklet collected by you.

I hereby acknowledge receipt of the candidate's booklet for the examination stated above.

Signature: _____
Supervisor/Invigilator

Date: _____

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

PRINCIPLES OF ACCOUNTS

PAPER 02 — GENERAL PROFICIENCY

SPECIMEN PAPER

KEY and MARK SCHEME

Principles of Accounts
Paper 02 – General Proficiency
Specimen Paper
Key and Mark Scheme

Question 1

(a)

(i) Net Profit = Gross Profit- Expenses

	\$
Sales	260 000
Less Cost of Sales	(86 000)
Gross Profit	174 000
Less Expenses	(90 800)
Net Profit	83 200

(2 marks)

(ii) Gross Profit percentage
Gross Profit/ Sales x 100
 $174\,000/260\,000 \times 100 = 66.9\%$

(2 marks)

(b)

C. Pierre
Balance Sheet
as at 31 March 2017

	\$	\$	\$
Non - Current Assets			10 6800
Current Assets			
Inventory	12 000		
Accounts Receivable	9 550		
Cash at Bank	35 000		
Cash in Hand	<u>7 650</u>	64 200	
Current Liabilities			
Accounts Payables		<u>(17 600)</u>	
Working Capital			<u>46 600</u>
			<u>153 400</u>
Capital			
Opening balance		76 200	
Add Net Profit		<u>83 200</u>	
		159 400	
Less Drawings		<u>(6 000)</u>	<u>153 400</u>

(9 marks)

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

Question 1 cont'd

- (ii) Current Ratio = Current assets/current liabilities
 $\$64\,200 / \$17\,600 = 3.6:1$

(2 marks)

- (c) (i) A good current ratio indicates that the business has the ability to pay its short-term debts when they become due. Generally, a good current ratio is usually 2:1 In this case Ms. Pierre ratio is 3.6:1, this means that her current ratio is a bit high and she may not be making the best use of her cash and has problems managing her working capital.

- (ii) Ms. Pierre should invest some of her cash to earn interest rather than leave it idle.

(5 marks)

Principles of Accounts
Paper 02 – General Proficiency
Specimen Paper
Key and Mark Scheme

Question 2

(a)

Michelle Martin
Cash Book

2016		F	Disc	Cash \$	Bank \$	2016		F	Disc	Cash \$	Bank \$
Dec 1	Bal b/f			900	5300	Dec 1	Petty Cash Book			245	
Dec 9	S. Smith		100	900		Dec 8	Rent				500
Dec 15	Cash	C			400	Dec 15	Bank	C		400	
Dec 16	P Kan		40		760	Dec 19	Drawings			200	
						Dec 25	L. Lamb		16		784
						Dec 31	Balance c/d			955	5176
			<u>140</u>	<u>1800</u>	<u>6460</u>				<u>16</u>	<u>1800</u>	<u>6460</u>
Jan 1	Balance b/d			955	5,176						

(8 marks)

(b)

Michelle Martin
Petty Cash Book

Amount \$	Date	Details	Total \$	Stationery \$	Cleaning \$
55	Dec 1	Bal b/d			
245		Cash			
300	Dec 10	Stationery	15.00	15.00	
	Dec 10	Cleaning Supplies	25.95		25.95
	Dec 12	Stationery	52.50	52.50	
	Dec 13	Paper	9.95	9.95	
	Dec 21	Stapler	39.75	39.75	
	Dec 28	Wages	75.00		75.00
		Totals	<u>218.15</u>	<u>117.20</u>	<u>100.95</u>
	Dec 31	Balance c/d	81.85		

(7 marks)

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

Question 2 cont'd

- (c) The cash book cash and bank columns both have a debit balance which indicates that the cash in hand is \$955 and cash in bank is \$5,176. Cash in hand will always have a debit balance as it is a current asset and a business cannot spend more cash than it has. Bank is also a current asset with a normal debit balance as the business is not in overdraft with the bank. The petty cash book also has a debit balance of \$81.85. Following the imprest system, the cashier would then need to reimburse \$218.15 to start the following month.

(5 marks)

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Specimen Paper
Key and Mark Scheme

Question 3

(a)

Jollibee Manufacturing a/c
for the year ended December 31, 2016

	\$	\$	\$
Raw materials inventory (1/1/2016)		150 000	
Purchases	200 000		
Carriage inwards on raw materials	3 000		
Net purchases		203 000	
Raw materials available for use		353 000	
Raw materials inventory (31/12/2016)		(50 000)	
Cost of raw materials used			303 000
Factory wages			40 000
Prime cost			343 000
Overheads			
Factory repairs		5 000	
Factory electricity		2 000	
Depreciation Factory equipment		60 000	
Total factory overheads			67 000
Total manufacturing overheads			410 000
Add work in progress inventory (1/1/2016)		10 000	
Less work in progress inventory (31/12/2016)		(20 000)	
Production cost			400 000

(11 marks)

(b) Cost per unit of production = Cost of production ÷ number of units produced
= 400 000 ÷ 50 000 = \$8 per unit

(2 marks)

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

Question 3 cont'd

(c) The methods of inventory valuation

- First In First out method (FIFO)
- Last In First out method (LIFO)
- Average Cost Method (AVCO)

(3 marks)

(d) Two types of payment for goods purchased

- Standing order
- Pay pal
- Cash
- Cheques
- Direct debit
- Electronic fund transfer and point of sale (EFTPOS)

(2 marks)

(e) Two skills needed for a career in the field of accounting

- Basic skill in mathematics
- Ability to process information in a deep analytical mind (analyse and interpret facts and figures)
- High attention to detail
- Organise and work under pressure
- Proficient with accounting software (computer literate)
- Ability to remain impartial
- Strong communication skills
- Strong interpersonal skills (including teamwork)

Any other appropriate answer

(2 marks)

Principles of Accounts
Paper 02 – General Proficiency
Specimen Paper
Key and Mark Scheme

Question 4

(a) Two advantages of creating a limited liability company rather than a partnership type company

- Separate legal existence
- Limited liability of shareholders
- Continuous life
- Ability to raise more capital
- Any other appropriate answer

(2 marks)

(b) Four ethical issues encountered in accounting

- Omission of financial records
- Pressure
- Penalties
- Disclosure
- Effect of greed
- The whistle blower
- Fraudulent financial reporting

(4 marks)

(c) Prepare journal entries to record issue of shares and debentures

Date	Details	Ref	Debit	Credit
			\$	\$
	Cash		950 000	
	Ordinary shares			400 000
	10% Preference Shares			500 000
	7% Debentures			50 000
	Being Ordinary shares, 10% Preference shares and 7% Debentures			

(10 marks)

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

Question 4 cont'd

(d)

Prepare Receipts and Payments account
Jamrock Charity Club
Receipts and Payments a/c
for the period ended December 31, 2016

	\$		\$
Subscriptions	20 000	Bar Purchases	10 000
Bar takings	15 000	Equipment	10 000
		Balanced c/d	<u>15 000</u>
	<u>35 000</u>		<u>35 000</u>
Balance b/d	<u>15 000</u>		

(4 marks)

Principles of Accounts
Paper 02 – General Proficiency
Specimen Paper
Key and Mark Scheme

Question 5

- (a) Two accounting software programmes used for payroll
- Quick books
 - Peach tree'
 - Sage
 - Microsoft excel
 - Accounting edge

Any other appropriate answer

(2 marks)

- (b) Two differences between statutory deductions and voluntary deductions

STATUTORY DEDUCTIONS	VOLUNTARY DEDUCTIONS
Deductions which are required by law include:	Deductions made at employee's request include:
Income Tax	Trade union dues
National Insurance (Social Security)	Group Health and Pension
	Personal Insurance Payments
Private Pension Plan Contribution	Contribution to company Social Fund
Health Surcharge	Credit Union Payments
	Any other appropriate answer

(4 marks)

- (c) Prepare sales budget

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year as a whole
Expected sales in units	3 000	4 000	7 000	8 000	22 000
	x	x	x	x	x
Unit selling price	3 000	3 000	3 000	3 000	3 000
Total	9 000	12 000	21 000	24 000	66 000

(7 marks)

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

Question 5 cont'd

(d) Four main sections of a business plan

- Executive summary
- Company background
- Operations plan
- Marketing plan
- Financial plan
- Marketing analysis

(4 marks)

(e) List 3 essentials of a Co-operative

Members are also customers

- An elected board of management governs activities of the business
- Are exempted from paying taxes
- Owned by members
- Members buy a share in the business
- Formed for the benefit of their members and local communities
- Provide goods and services
- Profit is not their main goal
- Yearly profits are divided among the members who are also customers

(3 marks)

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EXAMINATION

“*”Barcode Area*””
Front Page Bar Code

SPECIMEN PAPER

FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

TEST CODE

0	1	2	3	9	0	3	2
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SUBJECT PRINCIPLES OF ACCOUNTS – Paper 032

PROFICIENCY GENERAL

REGISTRATION NUMBER

--	--	--	--	--	--	--	--	--	--

SCHOOL/CENTRE NUMBER

--	--	--	--	--	--

NAME OF SCHOOL/CENTRE

CANDIDATE’S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

SIGNATURE _____

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Current Bar Code

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Sequential Bar Code

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E X A M I N A T I O N**

P R I N C I P L E S O F A C C O U N T S

Paper 032 – General Proficiency

1 hour 30 minutes

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer ALL questions.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. Show ALL working clearly.
5. You may use a silent, non-programmable calculator to answer questions.
6. You are advised to take some time to read through the paper and plan your answers.
7. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
8. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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Instructions: This paper consists of a case study and TEN questions. Read the case study and answer ALL the questions that follow in the spaces provided in this booklet.

Case Study

Thomas Timberland inherited a small restaurant – “The Junction” – along with a sum of money from his Aunt Joan Smart. On January 1, 2016, he invested some of his savings to expand the operations of the restaurant.

The assets of the business as at January 1, 2016 were:

	\$
Stoves	1 500
Tables	850
Chairs	720
Pots and pans	475
Refrigerator	2 500
Freezer	1 200
Cutlery	600
Cash at Bank	5 500
Cash in Hand	1 400

1. What type of business entity is Thomas Timberland about to operate?

(1 mark)

2. List TWO features of this type of business entity.

(2 marks)

GO ON TO THE NEXT PAGE

01239032/JANUARY/F 2017

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3. Determine the opening capital of this business.

(1 mark)

4. Prepare Thomas Timberland's opening journal entry.

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(6 marks)

GO ON TO THE NEXT PAGE

5. What is the value of his current assets?

(1 mark)

The following transactions took place during the first two weeks of January:

2016		\$
January 6	Bought chicken and lamb	3 750
	Bought rice	1 900
7	Withdrew \$ 2 000 from the bank for business use	
8	Bought pasta products	780
9	Sold 20 lunches to Harry Smith at \$18 each for cash	
11	Purchased peas	150
	Purchased seasonings	175
	Purchased drinks	1 200
	Purchased vegetables	600
12	Returned unsuitable vegetables	60
14	Obtained a loan from Overland Credit Union and received a cheque for \$5 000	

All payments which were less than \$200 were paid in cash.

6. Using the table on page 7, prepare and balance the two-column cash book for the first two weeks of January.

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(10 marks)

GO ON TO THE NEXT PAGE

At the end of the month it was observed that the business had incurred the following expenses:

	\$
Electricity	1 240
Cooking gas	1 180
Wages	2 720
Transportation	175
Telephone	45

The business also bought a new food processor on credit from Courts Ltd. for \$1 200. Revenue earned from sales for the period was \$20 000. The value of closing stock was \$650.

7. Name TWO other items of expense which Timberland may have incurred.

.....

.....

(2 marks)

GO ON TO THE NEXT PAGE

(13 marks)

01239032/JANUARY/F 2017

“*”Barcode Area”*”
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9. Thomas experienced a high level of spoilage of vegetables during the first month of operation. State TWO ways this problem can be avoided in the future.

.....

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.....

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.....

.....

(2 marks)

10. List TWO ways by which Thomas could have increased sales.

.....

.....

(2 marks)

Total 40 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

Question No.

If you use this extra page, you MUST write the question number clearly in the box provided.

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DO NOT WRITE IN THIS AREA

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- 14 -

EXTRA SPACE

If you use this extra page, you MUST write the question number clearly in the box provided.

Question No.

Barcode Area

Sequential Bar Code

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CANDIDATE'S RECEIPT

INSTRUCTIONS TO CANDIDATE:

1. Fill in all the information requested clearly in capital letters.

TEST CODE:

0	1	2	3	9	0	3	2
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SUBJECT: PRINCIPLES OF ACCOUNTS – Paper 032

PROFICIENCY: GENERAL

REGISTRATION NUMBER:

--	--	--	--	--	--	--	--	--	--

FULL NAME: _____
(BLOCK LETTERS)

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PRINCIPLES OF ACCOUNTS

PAPER 032 — GENERAL PROFICIENCY

SPECIMEN PAPER

KEY

Principles of Accounts
Paper 032 – General Proficiency
Specimen Paper
Key

1. Sole trader/sole proprietorship.
2.
 - (a) Owned and operated by the same person
 - (b) Capital invested by one individual
 - (c) All of the profits go to the owner
 - (d) Risks borne by one individual

3. A - L = C
 \$14 745 - 0 = \$14 745
 Capital = \$14 745

4. JOURNAL

	\$	\$
Stoves	1 500	
Tables	850	
Chairs	720	
Pots and Pans	475	
Refrigerator	2 500	
Freezer	1 200	
Cutlery	600	
Cash at bank	5 500	
Cash in hand	1 400	
Capital		1 4745

Opening entries to start business on Jan. 1 2016

5.	Current Assets:	Cash at Bank	\$5 500
		Cash in Hand	<u>\$1 400</u>
			\$6 900

Principles of Accounts
Specimen Paper
Paper 02 – General Proficiency
Key and Mark Scheme

6.

CASH BOOK

		C	B			C	B
		\$	\$			\$	\$
Jan 1	Balances	1 400	5 500	Jan 6	Purchases		3 750
7	Bank C	2 000			Purchases		1 900
9	Sales	360		7	Cash (C)		2 000
14	Loan		5 000	8	Purchases		780
				11	Purchases	150	
					Purchases	175	
					Purchases		1 200
					Purchases		600
				Jan 14	Bal C/D	3 435	270
		3 760	10 500			3 760	10 500
Jan 15	Bal B/D	3 435	270				

7. Water, advertising, taxes or any other suitable expense.

8.

Thomas Timberland
Trading and Profit and Loss Account
For the month of January 31, 2016

	\$	\$
Sales		20 000
Purchases	8 555	
Less: Returns Outwards	60	
	8 495	
Less: Closing Stock	650	
Cost of Goods Sold		7 845
Gross Profit		12 155
<u>Expenses</u>		
Electricity Owing	1 240	
Cooking gas	1 180	
Wages	2 720	
Transportation	175	
Telephone		5360
	45	
Net Profit		6795

Principles of Accounts
Paper 032 – General Proficiency
Specimen Paper
Key

9. (a) Buy small quantities
(b) Better storage
(c) Change the supplier
(d) Change the variety of vegetables
10. (a) Promotions
(b) Advertising
(c) Reduction in price
(d) Change of menu

C A R I B B E A N E X A M I N A T I O N S C O U N C I L

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PRINCIPLES OF ACCOUNTS

PAPER 032 – GENERAL PROFICIENCY

SPECIMEN PAPER

Mark Scheme

Principles of Accounts
Paper 032 – General Proficiency
Specimen Paper
Mark Scheme

		Profiles		
Question		K	A	I
1.	Correctly stated the type of business	1		
2.	Listed any TWO features correctly	2		
3.	Correctly calculated opening capital		1	
4.	Recorded debit entries correctly (1 mark for 2, max. 4)		4	
	Showed capital	1		
	Suitable narration	1		
5.	Correct calculation of current assets		1	
6.	Correct heading	1		
	Included opening cash and bank balances (1 mark each)		2	
	Correctly entered all other transactions (1 mark for 2, max. 4)		4	
	Correctly recorded contra entries			2
	Balanced Cash Book correctly	1		
7.	Correctly identified any other TWO expenses			2
8.	Correct heading for Trading and Profit and Loss Account	1		
	Correct treatment of Returns Outwards		1	
	Correct amount for purchases			1
	Included Returns Outwards			1
	Included sales amount		1	
	Correctly included closing stock		1	
	Indicated Gross Profit	1		
	Included 5 expenses (1 mark each)	1	5	
	Indicated Net Profit			
9.	Listed TWO appropriate ways of dealing with the problem			2
10.	Listed two suitable ways of increasing sales			2
Total Marks		10	20	10



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