



CARIBBEAN EXAMINATIONS COUNCIL

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION**

PRINCIPLES OF ACCOUNTS

Paper 02 – General Proficiency

HYBRID

3 hours

13 JANUARY 2026 (a.m.)

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of FIVE questions. Answer ALL questions.
2. **All responses MUST be written in the answer booklet provided.**
3. Your responses MUST be written in English.
4. Show ALL working clearly.
5. You are advised to take some time to read through the paper and plan your answers.
6. It is an offence to share your keycode with any other candidate or to log in with another candidate's details.
7. Any attempt to change the configuration of this machine, connect external devices, connect to external networks or to in any way initiate communication with resources other than the URL provided will result in your disqualification, you being shut out of the system and the cancellation of your entire test.

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

Answer ALL questions.

Write your answers in the spaces provided in this booklet.

1. Suzie Smart, who owns a retail shop called Smart Kitchen Appliances, presented you with the following incomplete petty cash book for the month of March 2025.

Smart Kitchen Appliances Petty Cash Book For the Period Ending March 31, 2025								
Amount Received \$	Date	Detail	Voucher No.	Total \$	Analysis Columns			
					Cleaning \$	Snacks \$	Stationery \$	Supplies \$
500	2025 March 1	Balance on hand	✓					
	8	Chemical Company Ltd — disinfectant and bleach	21	55	55			
	19	Computers Inc. — printer toner cartridges	22	205				205
	25	Two reams copy paper	23	130			130	

- (a) In the space provided on your answer booklet, create an appropriate source document, **other than a cash invoice**, to provide the documentary evidence for the transaction which occurred on March 8, as recorded in the petty cash book. **Be sure to identify the name of the source document clearly and to include all pertinent information.** (3 marks)

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- (b) Figure 1 shows a cash invoice. Payment was made from the petty cash fund.

Big Apple Restaurant			
Cash Invoice			
			March 28, 2025
Supplied to: Smart Kitchen Appliances			
Quantity	Description	Unit Price \$	Total Cost \$
3 dozen	Saltfish samosas	?	54.00
20 bottles	Assorted fresh fruit drinks	2.50	50.00
	Subtotal		104.00
	Less: discount		(4.00)
	TOTAL		<u>\$100.00</u>

Figure 1. Cash invoice

- (i) Calculate the cost price of ONE saltfish samosa. **(2 marks)**
- (ii) Identify the type of discount Suzie Smart would record in her cash book based on Figure 1. **(1 mark)**
- (iii) State ONE possible reason why the discount identified in (b) (ii) was given. **(1 mark)**
- (c) Record EACH of the following entries in the petty cash book of your answer booklet **on page 5**.
- (i) Transaction for Figure 1. **(1 mark)**
- (ii) Balance and rule the petty cash book at March 31, 2025. Show the opening balance on April 1, 2025. **(2 marks)**
- (iii) Replenish the petty cash fund on April 1, 2025. **(2 marks)**
- (d) Suzie Smart runs a small eatery in the retail shop. Calculate the percentage mark-up on a sale if one bottle of fresh fruit drink and two samosas are sold for \$7.50. **(3 marks)**

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- (e) Prepare the ledger accounts in your answer booklet, by inserting the appropriate entries for replenishing the petty cash fund in the general ledger. **(5 marks)**

Total 20 marks

2. The Seagulls Water Sports Club has a membership of 112 people. The treasurer presented the following information for the year ended December 31, 2024.

	\$
Cash in hand on January 1, 2024	7 900
Balance at bank on January 1, 2024 (overdrawn)	(4 600)
Social night ticket sales	3 000
Expenses for social night	900
Raffle ticket sales	2 800
Raffle prizes	700
Refreshment bar takings	19 300
Bar purchases	5 400
Bar staff wages	8 200
Utility bills paid	1 100
Telecommunications bills paid	1 800

Additional Information

- The annual subscription fee is \$150 per member. Only 98 members had paid the full annual subscription fee for 2024 to the treasurer.
- A further five members had paid only half of the annual subscription fee as at December 31, 2024.

- (a) Use the form provided on your answer booklet, to prepare the receipts and payments account for the Seagulls Water Sports Club for the year ended December 31, 2024. Be sure to bring down the opening balance of available cash for January 1, 2025.

(10 marks)

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- (b) On December 31, 2024, the treasurer received a bank statement for the Seagulls Water Sports Club.

The following notes were made based on that bank statement.

	\$
A deposit which was lodged at the bank on December 28, 2024, was not listed on the bank statement.	8 000
A cheque received from one of the members in November 2024 was listed as dishonoured.	150
Two cheques which were used to pay for the following club expenses in the third week of December did not appear on the bank statement. <ul style="list-style-type: none">• Utilities• Telecommunications	450 300
The club's annual insurance premium had been paid by the bank, through a standing order mandate.	2 500
The bank had deducted its charges from the club's bank account.	460
Two club members had made direct deposits to the club's bank account for their full annual subscription fee.	

Use the relevant information to calculate the updated cash balance for the Seagulls Water Sports Club at the end of the year. **(6 marks)**

- (c) Use the form provided on your answer booklet, to prepare a bank reconciliation statement for the Seagulls Water Sports Club for the year ended December 31, 2024. Begin with the updated cash balance as at December 31, 2024, to arrive at the bank statement balance. **(4 marks)**

Total 20 marks

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3. (a) State TWO source documents which are related to the preparation of the payroll. **(2 marks)**
- (b) State ONE accounting software programme that can be used for preparing the payroll. **(1 mark)**
- (c) The following information is about John Wren, the security van driver employed by EAJ. He has a basic working week of 40 hours and is paid at a basic rate of \$80 per hour. John Wren is paid 1½ times the basic rate for any overtime worked.

For the week ended May 3, 2025, he worked 60 hours. The weekly tax information for John Wren is as follows.

Pension contribution (tax exempt)	5% of gross pay
Personal allowance (tax exempt)	\$1 000
National insurance contribution (tax exempt)	\$150
Income tax rate	10%

- (i) Calculate John Wren's gross pay for the week. **(6 marks)**
- (ii) Calculate John Wren's income tax payable for the week. **(5 marks)**
- (iii) Calculate John Wren's net pay (take-home pay) for the week. **(4 marks)**
- (d) State ONE difference between a statutory deduction and a non-statutory deduction. **(2 marks)**

Total 20 marks

4. JSR is a chain of retail hardware outlets owned by Jennie Singh.

- (a) State ONE duty performed by an accountant. **(1 mark)**
- (b)
 - (i) Other than the owner and the accountant, state ONE internal user of JSR’s financial information. **(1 mark)**
 - (ii) State ONE external user who may have an interest in JSR’s financial information. **(1 mark)**
 - (iii) State ONE reason why the external user stated in (b) (ii) would have an interest in JSR’s financial information. **(1 mark)**
- (c) Insert a check mark (✓) in the appropriate column to indicate which statement EACH transaction will impact. An example has been provided for you.

	Transaction	Financial Statement	
		Income Statement	Statement of Financial Position
Example	Paid-up insurance expenses	✓	
(i)	Installation costs for computer equipment		
(ii)	Cost of repairs to motor vehicle		
(iii)	Legal cost incurred for purchasing a property		
(iv)	Rent expenses paid for the last six months		

(4 marks)

- (d) Jennie Singh and Lance Maraj were sole traders. They agreed to combine all assets and liabilities to form the J and L Partnership chain of retail hardware outlets. Trading began on January 1, 2025.

The individual lists of account balances as at December 31, 2024 were as follows.

Jennie Singh Account Balances As at December 31, 2024	
	\$
Equipment	90 000
Inventory	28 000
Accounts receivable	12 000
Bank	50 000
Account payable	30 000

Lance Maraj Account Balances As at December 31, 2024	
	\$
Vehicles	50 000
Inventory	30 000
Accounts receivable	25 000
Bank overdraft	5 000

- (i) Use the form provided on your answer booklet to prepare a classified opening statement of financial position, in the order of permanence, for the J and L Partnership as at January 1, 2025. **(7 marks)**
- (ii) At December 31, 2025, the J and L Partnership realized a total net profit of \$62 000. The partners previously agreed to share profits in proportion to their invested capital. Calculate the return on capital invested for Jennie Singh. **(5 marks)**

Total 20 marks

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5. (a) For EACH of the descriptions listed in the table on your answer booklet, place a check mark (✓) in the appropriate column to select which type(s) of business relate to the description. **Note that some of the descriptions may relate to more than one type of business.**

	Description	Type of Business		
		Limited Liability Company	Cooperative	Non-Profit Organization
(i)	Owned and controlled by its members, who are also the main customers.			
(ii)	Members who own the most shares have a greater say in how the business is operated.			
(iii)	Owned and controlled by its members whose liability cannot exceed the value of their share capital.			
(iv)	Each member has an equal say in the control and operations of the business, regardless of the number of shares owned.			
(v)	All members share common goals and interests which are not necessarily profit-making.			
(vi)	Shares are not sold by the business' members on the stock market.			
(vii)	It is a legal requirement that part of the annual profits must be saved for the future.			
(viii)	Run by people who are not necessarily owners.			

(5 marks)

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- (b) The following information relates to the Grande Ravine Farmers' Cooperative for the year ended December 31, 2025.

Grande Ravine Farmers' Cooperative Trial Balance As at December 31, 2025		
	\$	\$
Bank charges and interest	32 000	
Interest received		21 000
Membership fees		576 000
AGM costs	36 000	
Equipment at cost	300 000	
Provision for depreciation — equipment		50 000
Dividends paid	18 000	
Auditor's remuneration	30 000	
Motor vehicles at cost	270 000	
Provision for depreciation — motor vehicles		58 000
Motor vehicle running costs	89 000	
Office expenses	130 000	
Statutory reserve		80 000
Undistributed surplus as at January 1, 2025		120 000
	<u>\$905 000</u>	<u>\$905 000</u>

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Additional Information

- Membership fees due at year end was \$24 000.
- Motor vehicle running costs owing was \$11 000 as at December 31, 2025.
- Office expenses paid in advance was \$20 000.
- Depreciation to be charged as follows.
 - Equipment: 10% per annum using the straight-line method
 - Motor vehicles: 20% per annum using the reducing balance method
- The board of management decided to transfer 20% of the undistributed surplus for the year to the statutory reserve.
- An honorarium of \$15 000 is to be paid to the board of management.
 - (i) Use the form provided on your answer booklet to prepare the income and expenditure account for the Grande Ravine Farmers' Cooperative for the year ended December 31, 2025. **(10 marks)**
 - (ii) Use the form provided on your answer booklet to prepare the appropriation account for the Grande Ravine Farmers' Cooperative for the year ended December 31, 2025. **(5 marks)**

Total 20 marks

END OF TEST

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

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