YUAN CHING SECONDARY SCHOOL
Secondary Four Express / Five Normal Academic Course
Preliminary Examination 2026

CANDIDATE NAME			
CLASS		INDEX NUMBER	

PRINCIPLES OF ACCOUNTS 7087/02

Paper 2 **28 August 2026**

INSERT **2 hours**

READ THESE INSTRUCTIONS FIRST

This insert contains the data for Question 1.

This paper consists of **2** printed pages.

[Turn over

Data for Question 1

Bella is the sole owner of Healthy Wellness, a business providing chiropractic treatment services. The following balances were extracted from the business on 31 July 2026:

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Equipment at cost	285 000
Fixtures and fittings at cost	73 000
Accumulated depreciation on equipment	102 600
Accumulated depreciation on fixtures & fittings	14 300
Service fee revenue	292 380
Capital, 1 August 2025	103 000
Drawings	1 670
4% bank loan repayable 2030	60 000
Trade payables	12 520
Trade receivables	22 000
Allowance for impairment of trade receivables	250
Loss on sale of non-current assets	7 500
Rental expense	65 000
Interest expense	1 600
Salaries expense	95 600
Advertising expenses	40 880
Discount received	3 750
Cash at bank (credit balance)	3 450

Additional information

1 At 31 July 2026,
- Service fee revenue, $4 650, was receivable
- Rental expense, $1 000, was prepaid

2 Equipment is to be depreciated at 20% per annum using the reducing-balance method.

3 Fixtures and fittings are to be depreciated at 10% per annum using the straight-line method, assuming a scrap value of $10 000.

4 The allowance for impairment of trade receivables is to be maintained at 4% of trade receivables.

5 Loan interest for the year ended 31 July 2026 had not been fully paid.

6 One-quarter of the bank loan has to repaid by 31 July 2027.

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