Name

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

ACCOUNTING 0452/02

Paper 2

October/November 2005

1 hour 30 minutes

Candidates answer on the Question Paper. No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen in the spaces provided on the Question Paper.

You may use a soft pencil for rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer all questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.

The businesses mentioned in this Question Paper are fictitious.

If you have been given a label, look at the details. If any details are incorrect or missing, please fill in your correct details in the space given at the top of this page.

Stick your personal label here, if provided.

For Examiner's Use				
1				
2				
3				
4				
5				
Total				

This document consists of 12 printed pages and 4 blank pages.



1 (a)		which book of prime (original) entry would a orded?	cheque received fr	om a customer be
				[1]
(b)	Sta	te what is meant by trade discount.		
				[1]
(c)	ln v	which section of the Balance Sheet would trad	e creditors appear?	
				[1]
(d)		which system of petty cash does the cashier rich month?	nake up the balance	e to a fixed amount
				[1]
(e)		ck is valued at the lower of cost and net re lisable value?	alisable value. Wh	at is meant by net
(f)	То	which final accounts are the totals on the follo	wing accounts trans	sferred?
	(i)	Carriage inwards		
	(ii)	Carriage outwards		
				[2]
(g)) In t	he following table, place a tick (✓) under the c	orrect heading for e	ach item.
			Capital expenditure	Revenue expenditure
	Р	urchase of motor van		
	N	ew tyres for motor van		
	Pa	ainting business name on motor van		
	С	ost of oil for motor van engine		

[4]

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	[Total: 16]	
	liabilities' [2]	
	'Working capital is defined asassets less	
(i)	Insert the missing words in the following statement.	
	[3]	
	What is Sayed's return on capital employed (R.O.C.E.) for the year? Show your workings.	
(h)	For the year ended 31 August 2005, Sayed made a gross profit of \$45 000 and had expenses of \$30 000. The balance on his capital account at 31 August 2005 was \$150 000.	03

2 Pieter Burg is in business and buys goods from the General Supply Company. He received the following invoice from them.

	GENERAL SUPPLY SALES INVO		
Pieter Burç	3	25 September	2005
Quantity	Description	Unit price	\$
(i)	Bolt fastenings	\$0.40	1 200.00
1 000	Grommets	\$0.10	(ii)
	ТОТ	TAL .	(iii)
erms: 3% (i	v) for payment within 14 d	lays of invoice	

(a) On the lines below, write the missing words or figures from the invoice.

(i)	 [1]
(ii)	 [1]
(iii)	 [1]
(iv)	 [1]

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Pieter had previously bought goods for \$2 500 from the General Supply Company on 28 August, and this amount was unpaid at 31 August.

Pieter paid this amount on 5 September. He did not pay the September invoice until 30 October.

An extract from the payments side of Pieter's cash book is shown below.

Date	Details	Discount received \$	Bank \$
5 September	General Supply Co	(i)	(ii)
30 October	General Supply Co	(iii)	(iv)

			(i)	(ii)	
3	30 October	General Supply Co	(iii)	(iv)	
(b)	On the lines I	below, write the amount	s missing from the	e cash book.	_
	(i)				[1]
	(ii)				[1]
(iii)				[1]
(iv)				[1]
(c)		ormation in (a) and (b), seter Burg's purchases led	dger for the month	s of September an	
		General Suppl	y Company accou		
					[6]

[Total 14]

3 Smith has a business selling washing machines. He buys the goods from the manufacturers and sells them to stores and other suppliers.

He keeps full accounting records and his trial balance at 30 June 2005 is shown below.

Smith Trial balance at 30 June 2005

	Dr.	Cr.
	\$	\$
Advertising	400	
Bank	3 200	
Carriage inwards	700	
Creditors		8 600
Debtors	14 800	
Provision for depreciation of fixed assets	3	2 800
Drawings	24 000	
Fixtures & Fittings	5 600	
General expenses	390	
Insurance	420	
Lighting and heating	600	
Motor car	12 000	
Motor expenses	860	
Office expenses	280	
Rent	720	
Postage and stationery	180	
Purchases	75 600	
Sales		102 000
Capital		40 000
Stock at 1 July 2004	8 400	
Wages and salaries	5 250	
Tragos and salarios	153 400	153,400
	.00 .00	100, 100

The following additional information is available.

- 1 Stock at 30 June 2005 was valued at \$7 100.
- 2 Motor expenses of \$350 are to be accrued.
- 3 Depreciation of \$700 for the year is to be charged.
- 4 Purchase invoices of \$4 000 have not been included but the goods are included in the closing stock valuation.

(a) Prepare Smith's Trading and Profit and Loss Account for the year ended 30 June 2005 Smith Trading and Profit and Loss Account for the year ended 30 June 2005

(b)	(i)	your workings.
		[2]
	(ii)	Calculate to two decimal places Smith's net profit percentage for the year. Show your workings.
		[2]
(c)		es has a similar business and his gross profit percentage is higher than Smith's. gest two reasons for this difference.
	(i)	
	(ii)	
		[4]

[Total: 24]

Question 4 is on the following page

4 (a)	What is the reason for charging depreciation on capital expenditure in the Profit and Loss Account?
	[2]

Koala bought a printing press on 1 October 2004 for \$40 000. She is preparing her final accounts for the year ended 30 September 2005 and needs to decide which method of depreciation should be used.

She expects the printing press to have a useful life of ten years, and to be able to sell it at the end of that time for \$4 000.

Using this information she could use the straight line method, **or** the reducing (diminishing) balance method at 20% per annum.

(b) Calculate how much depreciation will be charged in Koala's Profit and Loss Account for the next three years under **each** of the two methods.

Year ended 30 September	Straight line method \$	Reducing (diminishing) balance method \$
2005		
2006		
2007		

You may use the space below for your workings

Koala decides to use the reducing balance method of depreciation.

	Provision	for depre	eciation	of mach	inery ac	count	
 		•••••		•••••		• • • • • • • • • • • • • • • • • • • •	
ning balar							

5 Anvil has prepared the following trial balance (after calculating net profit) for the year ended 31 August 2005.

	Anvil	
Trial Balanc	e at 31 August 2005	•
Diant and a suings and	\$	\$
Plant and equipment	45 000	
Motor cars	22 000	
Provision for depreciation Plant and equipment		12 000
Motor cars		5 400
Accruals		3 300
Bank and cash	22 400	3 300
Bank loan repayable 2009	22 100	15 000
Creditors		32 000
Debtors	52 000	0_00
Prepayments	1 800	
Stock at 31 August 2005	16 000	
Capital		91 000
Drawings	30 000	
Net profit		30 500
	<u>189 200</u>	<u>189 200</u>
repare Anvil's Balance Sheet at 3	1 August 2005.	

Prepare Anvil's Balance Sheet at 31 August 2005.		

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(a)

		[16]
(b)	Fron	m Anvil's Balance Sheet, calculate the following ratios to two decimal places.
	(i)	Current ratio
		[3]
	(ii)	Quick ratio
		[3]

[Total: 22]

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