

Centre Number	Candidate Number	Name
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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

**ACCOUNTING**

**0452/02**

Paper 2

October/November 2004

**1 hour 30 minutes**

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

**READ THESE INSTRUCTIONS FIRST**

Write your Centre name, 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.

For Examiner's Use	
1	
2	
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5	
<b>Total</b>	

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.

This document consists of **11** printed pages and **1** blank page.



- 1 (a) State **one** purpose for which the journal may be used.  
 .....[1]
- (b) Name the final account to which the balance of the carriage outwards account is transferred at the end of the financial year.  
 .....[1]
- (c) State the basis on which a business should value its closing stock.  
 .....[1]
- (d) (i) An invoice showed a balance owing of \$1000, less 2½% discount for payment by the end of the month. The debtor paid in time and claimed the discount.  
 How much did he pay? Show your workings.  
 .....  
 .....  
 .....  
 .....[2]
- (ii) Name the **type** of discount claimed by the debtor in (i) above.  
 .....[1]
- (e) State the name given to the list of debit and credit balances in a business's books on a given date.  
 .....[1]
- (f) Name a partnership's final account which shows the division of profits and losses between the partners.  
 .....[1]
- (g) Explain what is meant by a compensating error.  
 .....  
 .....[2]
- (h) Sam owns a factory making agricultural machines. Give **one** example of capital expenditure and **one** example of revenue expenditure for his business.
1. Capital expenditure .....
  2. Revenue expenditure .....[2]

[TOTAL: 12]

2 Martha Adebuyo owns a retail shop. Her financial year ends on 31 August. Her Trading and Profit and Loss Account for the year ended 31 August 2004 is shown below. Some words and figures are missing.

(a) In each of the boxes (i) to (vii) enter the missing word(s) or figures.

*Trading and Profit and Loss Account for the year ended 31 August 2004*

	\$	\$	\$
Sales		106 000	
Less Sales returns		(i) <input style="width: 60px; height: 15px;" type="text"/>	100 000
		<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>	
Less Cost of goods sold			
Opening (ii) <input style="width: 60px; height: 15px;" type="text"/>		12 000	
Purchases	(iii) <input style="width: 60px; height: 15px;" type="text"/>		
Less Purchase returns	4 000		
		<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>	
	67 000		
Plus Carriage (iv) <input style="width: 60px; height: 15px;" type="text"/>	5 000	72 000	
		<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>	
		84 000	
Less Closing stock		(v) <input style="width: 60px; height: 15px;" type="text"/>	70 000
		<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>	
Gross profit			30 000
Add Rent (vi) <input style="width: 60px; height: 15px;" type="text"/>			6 000
			<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>
			36 000
Less Wages		14 000	
Insurance		3 000	
General expenses		(vii) <input style="width: 60px; height: 15px;" type="text"/>	24 000
		<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>	<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>
Net profit			12 000
			<hr style="width: 60px; margin-left: auto; margin-right: 0;"/>
			[7]

(b) Calculate, showing your workings, Martha's

(i) gross profit as a percentage of her sales for the year;

.....  
 .....  
 ..... [2]

(ii) net profit as a percentage of her sales for the year.

.....  
 .....  
 ..... [2]

2 (c) In her next financial year (ending on 31 August 2005), Martha plans to reduce her total expenses in the Profit and Loss account by 10%. Assuming her sales remain unchanged, state the effect this reduction would have on her gross and net profit to sales percentages.

1. Effect on gross profit to sales percentage

.....

2. Effect on net profit to sales percentage

.....[2]

**[TOTAL: 13]**

3 Otto began a motor vehicle repair business on 1 October 2001. On that date he bought machinery on credit from JD Engineering for \$20000. He decided to depreciate this machinery at 30% using the reducing (diminishing) balance method.

(a) Make the entries required in Otto's ledger accounts below for the **three** years ended 30 September 2004. (There were no other purchases or sales of machinery during this period.) Show the balance brought down on the provision for depreciation of machinery account on 1 October 2004.

You may use this space for your workings.

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*Machinery account*

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- 3 (b) Complete the **extract** below to show how machinery appears in Otto's Balance Sheet as at 30 September 2004.

*Extract from Balance Sheet as at 30 September 2004*

<i>Fixed Assets</i>	<i>Cost</i>	<i>Depreciation to date</i>	<i>Net book value</i>
	\$	\$	\$
Machinery .....	.....	.....	..... [3]

Otto estimates that the machinery has a useful life of six years when its scrap value is expected to be \$2000.

His accountant has advised him to consider using the straight line (equal instalment) method for depreciating the machinery instead of the reducing (diminishing) balance method.

- (c) (i) Calculate the accumulated depreciation on the machinery at 30 September 2004 using the straight line (equal instalment) method. Show your workings

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 .....  
 .....  
 .....  
 ..... [3]

- (ii) Suggest **one** reason why the straight line (equal instalment) method might be more suitable for Otto to use when depreciating his machinery.

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 .....  
 .....  
 ..... [2]

**[TOTAL: 17]**

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**QUESTION 4 IS ON THE FOLLOWING PAGE**

- 4 Jonah is a sole trader who keeps full double entry accounting records including a three column cash book. All cheques received are banked on the same day.

On 30 June 2004 balances in his books included the following.

Debtors	\$
H Syde	500
B Sharp	800
M Yaveli	630
Creditors	
J Teime	400
P Mulder	1000
Cash	600
Bank (Dr)	2500

Jonah's transactions for the month of July 2004 included the following.

	\$
July 3 H Syde paid the amount he owed by cheque after deducting cash discount of \$10.	
7 Cash was withdrawn from bank for office use.	200
10 Paid J Teime by cheque after deducting \$15 cash discount.	
12 Paid wages in cash.	400
14 B Sharp paid the amount he owed by cheque after deducting cash discount of \$20.	
17 Paid P Mulder by cheque after deducting cash discount of \$25.	
20 Cash sales paid directly into bank.	350
21 M Yaveli paid the amount he owed by cheque.	
24 Paid wages in cash.	250
Paid electricity bill by cheque.	600
29 Jonah's bank returned M Yaveli's cheque for \$630 as dishonoured.	

- (a) Enter the transactions shown on the next page in Jonah's cash book on the page provided (the cash and bank balances on 1 July 2004 have already been entered for you).

Balance the cash book at 31 July and bring down the balances on 1 August 2004. [21]



4 (a) *Jonah*

*Cash Book*

Date		Discount	Cash	Bank	Date		Discount	Cash	Bank
2004		\$	\$	\$	2003		\$	\$	\$
July	1 Balances b/d		600	2500	July				

(b) Make the entries required in the discounts accounts on 31 July 2004.

*Discounts allowed account*

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*Discounts received account*

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.....[4]

**[TOTAL: 25]**

5 Rosie Lee is a sole trader who does not operate a full double entry accounting system. However she is able to provide the following information about her business.

	At 1 October 2003	At 30 September 2004
	\$	\$
Fixtures and fittings	12000	14000
Motor vehicle	–	3000
Stock	3000	11000
Debtors	5500	1000
Cash at bank	1500	–
Bank overdraft	–	2000
Creditors	5000	4000

- (a) Using the above information, calculate Rosie's capital at 1 October 2003 and 30 September 2004. Show your workings.

Calculation of capital

*At 1 October 2003*

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*At 30 September 2004*

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[13]

Rosie introduced additional capital to buy the motor vehicle which is used in the business. Her drawings during the year ended 30 September 2004 were \$8000.

Rosie has not yet charged any depreciation on her fixed assets at 30 September 2004 and now decides that they should be depreciated by \$1000.

(b) Using your answer to 5(a) and the above information, calculate Rosie’s profit or loss for the year ended 30 September 2004. Show your workings.

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.....[8]

(c) Suggest **one** reason which could explain why Rosie’s business had a bank overdraft on 30 September 2004.

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.....[2]

**[TOTAL: 23]**