

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

	CANDIDATE NAME		
	CENTRE NUMBER		CANDIDATE NUMBER
* 4 3 7	ACCOUNTING		0452/02
9950	Paper 2		October/November 2007 1 hour 30 minutes
688		wer on the Question Paper. aterials 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.

You may use a soft pencil for any diagrams or graphs.

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

DO NOT WRITE IN ANY BARCODES.

Answer all questions.

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.

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.

 1
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 Total
 1

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



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Purchase of materials for use in machine

Repairs to roof of workshop

[4]

(h) On 30 June 2007 Monty had debtors of \$4000, stock of \$6200, bank balance of \$1600 (Dr) and creditors of \$3200.
What is his quick ratio? Show your workings and give your answer to two decimal places.
[4]
[Total: 16]

3

**2** Abdullah has a clothing business. His sales are all on credit and he issues invoices each month. His customers pay him by cheque. His purchases and expenses are also all paid by cheque.

In the month of September 2007 he had the following transactions:

September	Detail	Amount
		\$
2	Cheque received from Homer	3600
8	Cheque (071) paid to Tarvik for supplies	1900
14	Cheque received from Parma	4600
20	Cheque (072) paid for electricity	800
28	Cheque (073) paid for rent	1000

The balance brought down in Abdullah's cash book at 1 September 2007 was \$12 300 (Dr).

Abdullah receives the following statement from his bank for the month of September 2007:

COMMERCIAL TOWN BANK					
ABDULLAH CLOTHING - Account 7539285					
Date	Detail	Dr	Cr	Balance	
2007					
September		\$	\$	\$	
1	Balance			13 200	
2	Deposit		3 600	16 800	
2	Cheque 070	900		15 900	
11	Cheque 071	1 900		14 000	
14	Deposit		4 600	18 600	
22	Cheque 072	800		17 800	
24	Insurance (D/D)	240		17 560	
30	Bank charges	75		17 485	

# REQUIRED

(a) Explain why the balance on Abdullah's cash book at 1 September 2007 is not the same as the balance on the bank statement at that date.

\_\_\_\_\_[3]

(b) Write up the bank columns of Abdullah's cash book for the month of September. Make any adjustments which are necessary after receiving the bank statement.

5

Balance the adjusted cash book and bring down the balance at 1 October 2007.

Abdullah Cash Book (bank columns) [11] (c) Prepare Abdullah's bank reconciliation statement at 30 September 2007. Abdullah Bank reconciliation statement at 30 September 2007 [4]

[Total: 18]

Complete the missing items	(i) to (viii) in	Faroul	's balance shee	t.	
Balance	Farou Sheet at 30		nber 2007		
	Cost		Provision for depreciation	(i)	
	\$		\$		\$
Fixed assets					
Machinery	2 800		700		2 100
Fixtures and fittings	1 200	(ii)			900
	<u>4 000</u>		1 000		3 000
Current assets					
Stock			5 200		
Debtors		(iii)			
Cash and bank			<u>1 100</u>		
			14 900		
Less Current liabilities					
Creditors			3 800		
(iv)					11 100
Net assets				(v)	
Financed by					
Capital at 1 October 2006					13 000
Add (vi)					6 700
					19 700
Less drawings				(vii)	
Capital at 30 September 200	)7			(viii)	

6

3

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- (b) From the information in part (a) above, calculate to two decimal places:
  - (i) Farouk's current ratio;

[4] ..... (ii) Farouk's return on opening capital employed. [4] (c) Farouk's brother Ahmed has a business which has a higher return on capital employed than Farouk's business. Suggest two reasons for this difference. (i) ..... ..... (ii) ..... [4] ..... [Total: 20]

8

4 (a) Give four items of information you would expect to find on a statement of account.

(i)	 
(ii)	 
(iii)	 
(iv)	 [4]

On 1 August 2007 Zak made a sale on credit to Sasha of 170 pencils at \$0.85 each.

#### REQUIRED

(b) Complete the invoice below for the sale to Sasha using the information given above.

	Zak Trading		
	]	Date	
Quantity	Price \$		Amount \$
Terms: 2.5% for settlem	nent within 14 days	5	

[5]

Zak receives payment by cheque from Sasha on 12 August.

# REQUIRED

(c) Show the entries to be made in Zak's cash book to record the payment of the invoice.

Zak

Cash Book \_\_\_\_\_\_[4]

Zak allows trade discount of 5 % for orders of more than 200 pencils. Sasha orders 250 pencils.

# REQUIRED

(d) State the amount of trade discount given by Zak on this order.

(e) State the net amount of the invoice for this order.

[3]

(f) Sasha pays this invoice within 14 days. Calculate the amount of cash discount to be allowed.

[3]

[3]

[3]

(f) Sasha pays this invoice within 14 days. Calculate the amount of cash discount to be allowed.

**5** Hedda and Marie decide to open a shop as partners. They open a business bank account into which Hedda deposits \$1800 and Marie \$600. The partnership borrows \$1000 from Mish. This money is paid into the business bank account.

In order to start the shop the partners buy shop fittings for \$850, a cash register for \$400 and stock costing \$1600. These are paid for from the business bank account.

#### REQUIRED

(a) Prepare the journal entry to record the opening balances for the partnership. A narrative is **not** required.

Journal		
	Dr \$	Cr \$
		[8]

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In the first month of trading the partnership makes a profit of \$590 before charging interest on the loan from Mish. Interest on the loan is to be charged at 1% per month. Hedda and Marie decide to share profits in the ratio 3:1 **after** charging interest on the loan.

# REQUIRED

(b) (i) Calculate the interest charged on the loan from Mish for the month. Show your workings.

(ii) Calculate the share of profit for the month earned by Hedda. Show your workings.

[3]

[Total: 14]

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