



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

0452/02

Paper 2

October/November 2008

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.

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.

| For Examiner's Use | |
|--------------------|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| Total | |

This document consists of **13** printed pages and **3** blank pages.



1 (a) Give **two** examples of a book of prime (original) entry.

(i)

(ii) [2]

(b) In the table below, place a tick (✓) under the correct heading to show whether each item is an asset or a liability.

| | | Asset | Liability |
|-------|--------------------------|-------|-----------|
| (i) | Motor car | | |
| (ii) | Accrued expenses payable | | |
| (iii) | Debtors | | |

[3]

(c) What accounting principle states that a business will continue indefinitely?

..... [1]

(d) Annie makes a sale on credit to Bill. State the names of the accounts in Annie's ledger which will be:

(i) credited

.....

(ii) debited

..... [2]

(e) In which final account will sales returns be shown?

..... [1]

(f) In Mohamed's books, cash sales have been credited to the cash account and debited to the sales account in error. What type of error has been made?

..... [1]

(g) What is the name of the account showing the division of the net profit of a partnership between the partners?

..... [1]

(h) Rosco's balance sheet at 30 September 2008 includes debtors of \$49 000, stock of \$24 000, cash of \$3500 and creditors of \$21 000.
Calculate the following. Show **all** workings.

(i) Current ratio

.....
.....
.....

(ii) Quick ratio

.....
.....
..... [6]

[Total: 17]

2 Ombeya sells musical instruments. In September he had the following transactions:

| Date | Details | Reference | Amount |
|-----------|------------------------------|-----------|--------|
| September | | | \$ |
| 4 | Sale to Hales orchestra | INV23 | 1200 |
| 15 | Sale to Sing Song band | INV24 | 450 |
| 17 | Returns from Hales orchestra | RT7 | 300 |
| 28 | Sale to Town school | INV25 | 700 |

REQUIRED

(a) Show the entries to be made for September in Ombeya's sales journal and sales returns journal.

Ombeya
Sales Journal

| Date | Details | Reference | Amount |
|------|---------|-----------|--------|
| | | | \$ |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Ombeya
Sales Returns Journal

| Date | Details | Reference | Amount |
|------|---------|-----------|--------|
| | | | \$ |
| | | | |
| | | | |

[4]

- (b) Using the information in Ombeya's sales journal and his sales returns journal, write up the following accounts in his ledger for September. Show the amounts transferred to his trading account for the month.

For
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Use

Sales account

.....
.....
.....

Sales returns account

.....
.....
.....

Hales Orchestra account

.....
.....
.....

Sing Song band account

.....
.....
.....

Town School account

.....
.....
.....

[8]

The Sing Song band goes out of business on 10 October without paying the amount due to Ombeya.

*For
Examiner's
Use*

REQUIRED

(c) Show the journal entry (with narrative) to write off the bad debt.

| Date | | Dr | Cr |
|------|--|----|----|
| | | | |
| | | | |
| | | | |

[5]

(d) State which accounting principle Ombeya has followed in writing off the bad debt.

..... [2]

[Total: 19]

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Question 3 is on the next page.

- 3 Stella Maris started a business as a bookseller on 1 May 2008 with initial capital of \$10 000 which she deposited in a new business bank account.

She is not an experienced bookkeeper but has drawn up the following trial balance at 31 October 2008. Stella has put certain balances in the wrong column and may have made other errors.

Trial Balance at 31 October 2008

| | Debit \$ | Credit \$ |
|--------------------------|---------------|---------------|
| Capital | | 10 000 |
| Shelving and equipment | 5 000 | |
| Purchases | | 24 000 |
| Rent payable | | 6 000 |
| Sales | 34 900 | |
| Stock at 31 October 2008 | 5 300 | |
| General expenses | 2 500 | |
| Cash at bank | | 7 400 |
| Difference | <u>47 700</u> | <u>47 700</u> |

REQUIRED

- (a) State which accounting principle Stella was following when she deposited her initial capital into a new business bank account.

.....
 [2]

- (b) Name the account in which an unexplained difference on a trial balance should be entered.

..... [1]

(d) Using the information above, complete Stella's trading and profit and loss account for the six months ended 31 October 2008.

For
Examiner's
Use

Stella Maris
Trading and Profit and Loss Account for the six months ended 31 October 2008

| | \$ | \$ |
|--------------------------|--|---|
| Sales | | <input style="width: 100%;" type="text"/> |
| Stock at 1 May 2008 | <input style="width: 100%; text-align: center; border: 1px solid black;" type="text" value="nil"/> | |
| Purchases | <input style="width: 100%;" type="text"/> | |
| | _____ | |
| | <input style="width: 100%;" type="text"/> | |
| Stock at 31 October 2008 | <input style="width: 100%;" type="text"/> | |
| | _____ | |
| Cost of sales | | <input style="width: 100%;" type="text"/> |
| | | _____ |
| Gross profit | | <input style="width: 100%;" type="text"/> |
| Expenses | | |
| Rent | <input style="width: 100%;" type="text"/> | |
| General expenses | <input style="width: 100%;" type="text"/> | |
| | _____ | |
| | | <input style="width: 100%;" type="text"/> |
| | | _____ |
| Net profit | | <input style="width: 100%;" type="text"/> |
| | | _____ |

[9]

[Total: 22]

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Question 4 is on the next page.

- 4 Electra and Zorba each run a different type of restaurant.

For the year ended 31 August 2008 they have recorded the following information:

| | Electra's restaurant \$ | Zorba's restaurant \$ |
|---------------------------|----------------------------|--------------------------|
| Sales | 112 000 | 80 000 |
| Cost of sales | 95 200 | 60 000 |
| Expenses | 5 600 | 8 000 |
| Stock at 1 September 2007 | 2 000 | 7 000 |
| Stock at 31 August 2008 | 2 500 | 6 200 |

REQUIRED

- (a) For **each** restaurant, calculate the following ratios, correct to **one** decimal place. Use the boxes on the following page for your workings. Write your answer for **each** ratio in the table below.

| | | Electra's restaurant | Zorba's restaurant |
|-------|-------------------------------------|----------------------|--------------------|
| (i) | Percentage of gross profit to sales | | |
| (ii) | Percentage of net profit to sales | | |
| (iii) | Rate of stock turnover | | |

[12]

- (b) For **each** of the following ratios, suggest **one** business reason to explain the difference in the ratios between Electra's and Zorba's restaurants.

| | |
|-------------------------------------|--------|
| Percentage of gross profit to sales | Reason |
| Rate of stock turnover | Reason |

[4]

[Total: 16]

WORKINGS

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| | Electra's restaurant | Zorba's restaurant |
|-------|----------------------|--------------------|
| (i) | | |
| (ii) | | |
| (iii) | | |

5 (a) State the purpose of providing for depreciation of a fixed asset.

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

(b) State which accounting principle is being followed when depreciation is provided on a fixed asset.

..... [1]

Mandy decides to set up a laundry business and on 1 July 2007 buys a large washing machine at a cost of \$9000. She decides to depreciate the washing machine using the straight line method over a period of four years. The expected scrap value of the washing machine at the end of that period is \$600.

(c) Calculate the depreciation to be charged in Mandy's accounts for:

(i) the year ended 30 June 2008

.....
.....
.....

(ii) the year ending 30 June 2009.

.....
.....
..... [4]

(d) Show the entries to be made in Mandy's provision for depreciation account for the year ended 30 June 2008 **and** the year ending 30 June 2009.

*For
Examiner's
Use*

Show the transfer to the profit and loss account for each year.

Provision for depreciation account

.....
.....
.....
.....
.....
.....
.....
.....
.....

..... [8]

(e) State the net book value of the washing machine at 30 June 2009.

..... [1]

[Total: 16]

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