CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

0452/02 **ACCOUNTING**

Paper 2

October/November 2003

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.

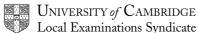
Where layouts are to be completed, you may not need all the lines for your answer.

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.



1	(a)		car sold goods on credit to Felix. Felix later returned some of the goods because were damaged.
		(i)	Name the document Felix sent to Oscar when the goods were returned.
			[1]
		(ii)	Name the book of prime (original) entry in which the return of the goods was recorded
			1. in Oscar's books
			[1]
			2. in Felix's books
			[1]
	(b)		ne the final account to which the total of the Discounts Received account is sferred at the end of the financial year.
			[1]
	(c)		following information relates to a sole trader's business for the year ended 31 just 2003.
		•	\$
		Sto	t of goods sold 60 000 cks: At 1 September 2002 7 000 81 August 2003 3 000
			culate the rate of stock turnover for the year ended 31 August 2003. Show your kings.
			[3]
	(d)	pay	usiness sold goods on credit to a customer for \$5000, offering a discount of $2\frac{1}{2}\%$ for ment within 30 days. The customer paid within 30 days. Calculate the amount paid he customer. Show your workings.
			[3]

(e)	Name the accounting principle which is described in the following sentence. "The same accounting treatment should be applied to similar items at all times."
	[1]
(f)	In which final account would bank charges appear?
	[1]
(g)	State one reason why a supplier of goods on credit sends a statement of account to the customer.
	[1]
(h)	Name the account which is brought up to date before a bank reconciliation statement is prepared.
	[1]
(i)	On 30 September 2003 Joe's business included the following assets and liabilities:
	\$ Stock 18000
	Trade debtors 9000
	Bank overdraft 2000 Trade creditors 16000
(1)	Calculate Joe's working capital. Show your workings.
	[3]
(2)	Calculate Joe's quick ratio. Show your workings.
	[3]

2 Jim Dee is a sole trader who buys and sells on credit and keeps full accounting records. His transactions for the month of September 2003 include the following.

<u>Date</u>	<u>Transaction</u>	Customer's name	Amount (\$)
September 6	Goods sold	Whizzo Products	400
10	Goods sold	T Culpepper	750
14	Goods returned	Whizzo Products	100
20	Goods sold	Sam Beesi	1500
26	Goods returned	T Culpepper	150

(a) Enter these transactions in Jim's Sales Journal and Sales Returns Journal below and show the totals for the month.

Sales Journal		
Date 2003	Customer	Amount \$

Sales Returns Journal		
Date 2003	Customer	Amount \$

[7]

2 (b) Make the necessary entries in the ledger accounts below.

Jim Dee

Sales Ledger

Whizzo Products account
T Culo amon a cocumt
T Culpepper account
Sam Beesi account
<u>oam beest account</u>
Nominal Ledger

Sales account
Sales Returns account
[7]

2	(c)	On 3 October 2003 Jim sent an invoice for \$800 to Rachel Smith for goods sold to her on credit. Rachel paid for these goods by cheque on 12 October 2003, deducting $2\frac{1}{2}$ % cash discount.
		Enter these transactions in Rachel's account in Jim's Sales Ledger below.
		Rachel Smith account

3	Frankie and Johnny are in partnership. Their financial year ends on 31 August. After the preparation of their Trading and Profit and Loss Account for the year ended 31 August 200 the following balances remained on the books.			
	Capital Accounts: Frankie Johnny	\$ 50 000 30 000		
	Current Accounts: Frankie Johnny	15000 5000 (Dr)		
	Fixed assets at cost Provision for depreciation of fixed assets Stock	85 000 10 000 8 000		
	Debtors Bank balance Creditors	14000 5000 (Dr) 12000		
	Prepare the Balance Sheet of the partnersh capital.	nip as at 31 August 2003. Show the working		
	Frankie and	Johnny		
	Balance Sheet as at	31 August 2003		
		[12]		

[7]

4 On 1 August 2003 Polly Glotte started a furniture business with the following assets:

	\$
Freehold shop premises	20000
Stock of furniture	8000
Cash (paid into a business bank account)	5000

Polly obtained a loan of \$7000 from her uncle, Sven, on the same date and also paid this into the bank account.

(a) (i) Show how Polly's Journal records the above transactions. No narrative is required.

<u>Journal</u>		
	Dr \$	Cr \$

Polly Glotte

- (a) (ii) During August 2003 Polly discovered the following matters.
 - 1. New shop fittings had been purchased on credit from Quickbuild Supplies for \$6000, but no entry had been made in Polly's books.
 - 2. A sale on credit to S Holmes, \$601, had been entered in the Sales account and in S Holmes's account as \$610.
 - 3. Goods bought on credit from J Robertson, \$1000, had been entered in J Robertshaw's account.
 - 4. The purchase of office equipment for \$3000 had been entered in the Purchases account.

Make the required entries in Polly's Journal to correct **each** of the above errors. No narratives are required.

Polly Glotte Journal Dr Cr \$ \$

(b) If error 4 above is not corrected, what are the effects on:

(i)

(ii)

Polly's Trading and Profit and Loss Account,	
	[2
Polly's Balance Sheet?	
	•••

5 Elmer Gantry is a self-employed builder whose financial year ends on 30 September. His trial balance drawn up on 30 September 2003 included the following balances.

	Cr
Ф	\$ 100000
00000	100000
66000	
	4000
12000	
4250	
6000	
1000	
2600	
5000	
10000	
	4250 6000 1000 2600 5000

You are given the following additional information.

- On 30 September 2003: insurance prepaid was \$250, motor expenses due but unpaid were \$400.
- 2. Stock on 30 September 2003 was \$9000.
- 3. Depreciation is to be charged on the motor vehicle at 20% on cost.

(a) Prepare Elmer Gantry's Trading and Profit and Loss Account for the year ended 30 September 2003.

Elmer Gantry

Trading and Profit and Loss Account for the year ended 30 September 2003
[18]

)	(i)	State what is meant by the accounting concept of matching.
		[2]
	(ii)	Explain how the matching principle is applied to insurance in Elmer's Profit and Loss Account.
		[2]