



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
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ACCOUNTING

0452/02

Paper 2

October/November 2007

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 **11** printed pages and **1** blank page.



1 (a) Which accounting principle states that business transactions must be expressed in monetary terms?

..... [1]

(b) Give **two** examples of current assets.

(i) [1]

(ii) [1]

(c) Raju decides to start a business with cash of \$2000. To which account in his ledger will this amount be credited?

..... [1]

(d) In which final account will purchases returns be shown?

..... [1]

(e) Name **two** errors which do not affect the trial balance.

(i)

.....

(ii)

..... [2]

(f) Explain what is meant by a bad debt.

.....

..... [1]

(g) In the following table, place a tick (✓) under the most appropriate heading for each item.

| | Capital expenditure | Revenue expenditure |
|--|---------------------|---------------------|
| Rent paid for use of workshop | | |
| Purchase of machine for workshop | | |
| 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.

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..... [4]

[Total: 16]

- 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.

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

Abdullah Cash Book (bank columns)

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..... [11]

- (c) Prepare Abdullah's bank reconciliation statement at 30 September 2007.

Abdullah
Bank reconciliation statement at 30 September 2007

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..... [4]

[Total: 18]

3 (a) Complete the missing items (i) to (viii) in Farouk's balance sheet.

Farouk
Balance Sheet at 30 September 2007

| | Cost | Provision for depreciation | (i) <input style="width: 100px; height: 20px;" type="text"/> |
|---|--------------|--|---|
| | \$ | \$ | \$ |
| Fixed assets | | | |
| Machinery | 2 800 | 700 | 2 100 |
| Fixtures and fittings | 1 200 | (ii) <input style="width: 100px; height: 20px;" type="text"/> | 900 |
| | <u>4 000</u> | <u>1 000</u> | <u>3 000</u> |
| Current assets | | | |
| Stock | | 5 200 | |
| Debtors | | (iii) <input style="width: 100px; height: 20px;" type="text"/> | |
| Cash and bank | | <u>1 100</u> | |
| | | 14 900 | |
| Less Current liabilities | | | |
| Creditors | | <u>3 800</u> | |
| (iv) <input style="width: 150px; height: 20px;" type="text"/> | | | <u>11 100</u> |
| Net assets | | | (v) <input style="width: 100px; height: 20px;" type="text"/> |
| Financed by | | | |
| Capital at 1 October 2006 | | | 13 000 |
| Add (vi) <input style="width: 150px; height: 20px;" type="text"/> | | | <u>6 700</u> |
| | | | 19 700 |
| Less drawings | | | (vii) <input style="width: 100px; height: 20px;" type="text"/> |
| Capital at 30 September 2007 | | | (viii) <input style="width: 100px; height: 20px;" type="text"/> |

[8]

(b) From the information in part (a) above, calculate to **two** decimal places:

(i) Farouk's current ratio;

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.....

.....

..... [4]

(ii) Farouk's return on opening capital employed.

.....

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..... [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)

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.....

..... [4]

[Total: 20]

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 | | |
| <input style="width: 90%;" type="text"/> | Date <input style="width: 60%;" type="text"/> | |
| Quantity | Price \$ | Amount \$ |
| <input style="width: 80%;" type="text"/> | <input style="width: 80%;" type="text"/> | <input style="width: 80%;" type="text"/> |
| Terms: 2.5% for settlement within 14 days | | |

[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

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..... [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.

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..... [3]

(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]

[Total: 22]

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.

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

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

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

[Total: 14]

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