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

ACCOUNTING

0452/02

Paper 2

October/November 2003

1 hour 30 minutes

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

READ THESE INSTRUCTIONS FIRST

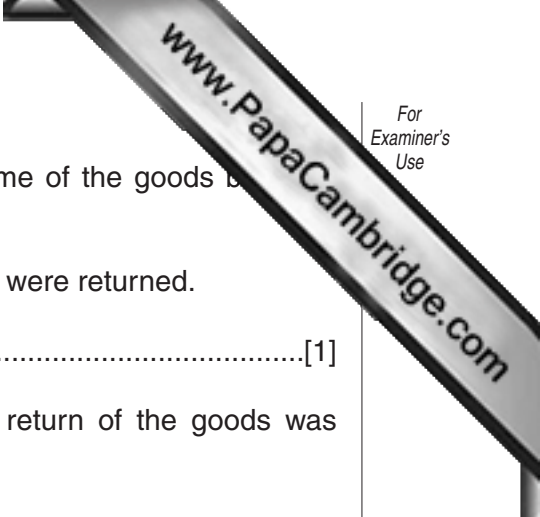
Write your Centre name, candidate number and name on all the work you hand in.
Write in dark blue or black pen in the spaces provided on the Question Paper.
You may use a soft pencil for rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

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.

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

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.



1 (a) Oscar sold goods on credit to Felix. Felix later returned some of the goods because they 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) Name the final account to which the total of the Discounts Received account is transferred at the end of the financial year.
.....[1]

(c) The following information relates to a sole trader's business for the year ended 31 August 2003.

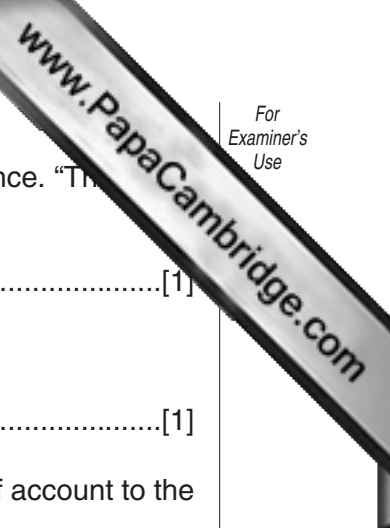
| | |
|-----------------------------|--------|
| | \$ |
| Cost of goods sold | 60 000 |
| Stocks: At 1 September 2002 | 7 000 |
| At 31 August 2003 | 3 000 |

Calculate the rate of stock turnover for the year ended 31 August 2003. Show your workings.

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.....[3]

(d) A business sold goods on credit to a customer for \$5000, offering a discount of 2½% for payment within 30 days. The customer paid within 30 days. Calculate the amount paid by the 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 | 18 000 |
| Trade debtors | 9 000 |
| Bank overdraft | 2 000 |
| Trade creditors | 16 000 |

(1) Calculate Joe's working capital. Show your workings.

[3]

(2) Calculate Joe's quick ratio. Show your workings.

[3]

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

Jim Dee

Sales Ledger

Whizzo Products account

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T Culpepper account

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Sam Beesi account

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Nominal Ledger

Sales account

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Sales Returns account

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- 2 (c) On 3 October 2003 Jim sent an invoice for \$800 to Rachel Smith for goods sold on credit. Rachel paid for these goods by cheque on 12 October 2003, deducting cash discount.

Enter these transactions in Rachel's account in Jim's Sales Ledger below.

Rachel Smith account

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.....[3]

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

| | |
|------------------------------------------|--------|
| | \$ |
| Freehold shop premises | 20 000 |
| Stock of furniture | 8 000 |
| Cash (paid into a business bank account) | 5 000 |

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.

Polly Glotte

Journal

| | Dr \$ | Cr \$ |
|--|----------|----------|
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[7]

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

(i) Polly's Trading and Profit and Loss Account,

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.....[2]

(ii) Polly's Balance Sheet?

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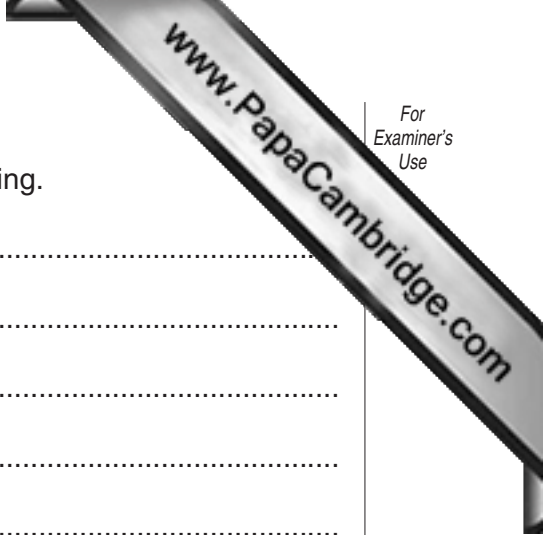
.....[2]

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.

| | Dr | Cr |
|-----------------------|-------|--------|
| | \$ | \$ |
| Sales | | 100000 |
| Purchases | 66000 | |
| Purchases returns | | 4000 |
| Stock 1 October 2002 | 12000 | |
| Insurance | 4250 | |
| Wages | 6000 | |
| General expenses | 1000 | |
| Motor expenses | 2600 | |
| Rent | 5000 | |
| Motor vehicle at cost | 10000 | |

You are given the following additional information.

1. 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.



(b) (i) State what is meant by the accounting concept of matching.

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.....[2]

(ii) Explain how the matching principle is applied to insurance in Elmer's Profit and Loss Account.

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.....[2]