

This document cons	sists of 11 printed	pages and 1	blank page.
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Total

1 ((a)	2 In which book of prime (original) entry should discount allowed and discount here are corded?	For Examiner's Use
		be recorded?	hidde.c
((b)	Which accounting principle is being applied when an adjustment is made for a prepaid expense?	1911
((c)	In which section of the balance sheet will a provision for depreciation be shown? [1]	
((d)	Explain what is meant by an error of omission.	
		[1]	
((e)	In the following table, place a tick (✓) under the correct heading for each item.	

	Income	Expense
Discount received		
Carriage outwards		
Interest on bank deposit		
Bad debts written off		

[4]

(f) In a partnership Appropriation Account, name **two** items which may be added to, or deducted from, net profit before the partners' share of profit is calculated.

(i)	
(ii)	 [2]

		3 ate what is meant by working capital.	For
(g)	Sta	ate what is meant by working capital.	Examiner's Use
			oridge
	•••••	۷۲	.com
(h)	Fra	ank maintains his petty cash on the imprest system. He keeps a balance of \$200.	
	At t \$12	the end of April the balance in hand is \$65 and there are vouchers for expenditure o 25.	ıf
	(i)	How much will Frank draw from the bank to restore his petty cash balance?	
		[1	1
	(ii)	Suggest one reason for the difference in the petty cash balance.	
		[2	.]
(i)	(i)	State what is meant by the quick ratio.	
		[2]
	(ii)	Explain why this is a useful accounting ratio.	
			.
		[2	
		[Total: 19]

2 Loretti started a business on 1 April 2006. On that day he introduced the following business:

www.papaCambridge.com Stock \$12 000, office furniture \$1500, and cash \$2500, of which \$200 was kept on hand for petty cash and the balance, \$2300, was paid into a business bank account.

On the same day his cousin Hassan paid \$3000 into the business bank account as a loan to the business.

REQUIRED

(a) Show the opening journal entry to record these transactions. A narrative is **not** required.

Loretti Journal		
	Dr \$	Cr \$
		[8]

Loretti decided to keep his petty cash book on the imprest system. In the month of April 2006 he paid the following expenses from his cash balance.

		Ф
3 April	Stationery	35
8 April	Refreshments	40
13 April	Cleaning	50
20 April	Travelling	20

On 1 May he withdrew the appropriate amount from the bank to restore the imprest amount.

REQUIRED

(b) Write up Loretti's petty cash book, on the page opposite, for the month of April and show the amount transferred from the bank on 1 May.

Loretti – Petty Cash Book

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	φ							-					
	\$												
	\$												
Total paid	\$												
Details													
Date													
Total received	Ş							 -	-				
Details		-				-							
Date													

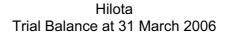
3

www.papacambridge.com 3 Hilota has a business supplying spare parts for cars. His financial year ends on 37 At 31 March 2006 his accounts showed the following balances:

	\$
Fixed assets at cost	22 000
Provision for depreciation	9 300
Stock (at 1 April 2005)	3 200
Balance at bank (Dr)	1 550
Sales	56 500
Sales returns	500
Purchases	34 200
Carriage outwards	950
Rent	4 000
Wages	7 200
General expenses	2 600
Capital	20 000
Drawings	9 600

REQUIRED

(a) Prepare Hilota's Trial Balance at 31 March 2006.



Dr \$	Cr \$
 •••••	•••••

[12]

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Hilota has stock on hand at 31 Ma	arch 2006 amounting to \$3800.
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REQUIRED

www.papacambridge.com (b) From the information above and in part (a), prepare Hilota's Trading Account for the year ended 31 March 2006.

		Hilota
		Trading Account for the year ended 31 March 2006
		[7]
(c)	(i)	Calculate Hilota's gross profit percentage for the year, to two decimal places.
		[3]

7

322	
8	For Examiner's
On the basis that Hilota had no sales returns in the period, calculate his gross profit percentage to two decimal places.	Use
	-e.com
[3]	
[Total: 25]	
	On the basis that Hilota had no sales returns in the period, calculate his gross profit percentage to two decimal places.

(a) Complete the following sentence: "Stock is valued at the _____ of and

www.papacambridge.com Rudi buys and sells engineering parts. The following information about his stock is available.

Part number	Units in stock at 30 April 2006	Cost per unit \$	Selling price per unit \$
A005	250	1.30	1.95
B017	600	2.00	1.80
C060	150	2.50	3.50

The stock of part C060 has been delivered in three consignments. Carriage inwards has been charged at \$25 per consignment.

REQUIRED

4

(b) Compute the value of stock to be shown in Rudi's Balance Sheet at 30 April 2006.

(c)	State the accounting principle applied in part (b) above.
	[2]
	[Total: 17]

9

www.papacambridge.com Rajit has a business making furniture. After preparing his Trading and Profit an Account for the year ended 31 December 2005, a summary of his trial balance show 5 following items:

	\$
Fixed assets at cost	62 500
Provision for depreciation	12 500
Current assets	47 000
Current liabilities	19 000
Capital account at 1 January 2005	74 000
Drawings	9 000
Profit for the year	13 000

REQUIRED

(a) Prepare Rajit's Balance Sheet at 31 December 2005.

Dalance Sheet at 51 December 2005
[10]

Rajit mbor 2005 Delense Chest

	11 TANA DO	For
(b)	Calculate to two decimal places Rajit's return on his capital employed. Use the at 1 January 2005.	Examiner's Use
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	[3]	
	[Total: 13]	



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