UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER				

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	
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Total	

This document consists of **11** printed pages and **1** blank page.

UNIVERSITY of CAMBRIDGE
International Examinations

[Turn over

1 **(a)** Which accounting principle states that business transactions must be expres_____ 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.

....

....

....

.... [4]

[Total: 16]

2 Abdullah has a clothing business. His sales are all on credit and he issues invoice[s] month. His customers pay him by cheque. His purchases and expenses are also all pa[id 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 [...] 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) ☐	
	$	$	$
Fixed assets			
Machinery	2 800	700	2 100
Fixtures and fittings	1 200	(ii) ☐	900
	4 000	1 000	3 000
Current assets			
Stock		5 200	
Debtors	(iii) ☐		
Cash and bank		1 100	
		14 900	
Less Current liabilities			
Creditors		3 800	
(iv) ☐			11 100
Net assets		(v) ☐	
Financed by			
Capital at 1 October 2006			13 000
Add (vi) ☐			6 700
			19 700
Less drawings		(vii) ☐	
Capital at 30 September 2007		(viii) ☐	

[8]

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

  (i) Farouk's current ratio;

....

....

.... [4]

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

....

....

.... [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) ....

....

....

.... [4]

[Total: 20]

4 (a) Give **four** items of information you would expect to find on a statement of accou

(i) ....

(ii) ....

(iii) ....

(iv) .... [4]
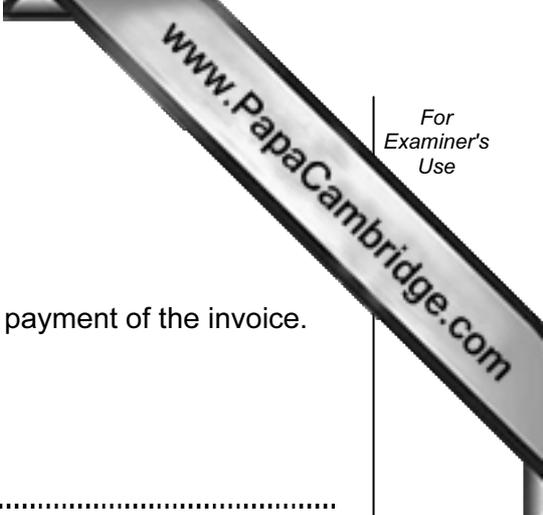
On 1 August 2007 Zak made a sale on credit to Sasha of 170 pencils at $0.85 each.

REQUIRED

(b) Complete the invoice below for the sale to Sasha using the information given above.

Zak Trading

Date

Quantity	Price $	Amount $

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

....

....

....

.... [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.

....

.... [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]

5 Hedda and Marie decide to open a shop as partners. They open a business bank a
into which Hedda deposits $1800 and Marie $600. The partnership borrows $1000
Mish. This money is paid into the business bank account.

In order to start the shop the partners buy shop fittings for $850, a cash register for $400
and stock costing $1600. These are paid for from the business bank account.

REQUIRED

(a) Prepare the journal entry to record the opening balances for the partnership.
A narrative is **not** required.

<div align="center">Journal</div>

	Dr $	Cr $

[8]

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.

....

....

.... [3]

[Total: 14]

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