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

ACCOUNTING **0452/02**

Paper 2 May/June 2005

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 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.
The businesses mentioned in this Question Paper are fictitious.

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 | |

1 (a) Name **two** books of prime (original) entry.

(i)

(ii)

[2]

(b) Explain what is meant by an accrued expense.

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.....[1]

(c) In which section of the Balance Sheet will a bank overdraft be shown?

.....[1]

(d) To which account would the unexplained difference on a trial balance be transferred?

.....[1]

(e) In which final account will the cost of repairs to motor vehicles be shown?

.....[1]

(f) A sales invoice is entered in the sales returns journal by mistake. Name the type of error which has been made.

.....[1]

(g) State what is meant by going concern.

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.....[1]

(h) Ahmed draws up his accounts to 31 March each year. He bought a machine on 1 April 2004 for \$12 000. Depreciation is to be charged at 15% per annum on a straight line basis.

(i) Calculate the depreciation charge in his accounts for the year ended 31 March 2005.

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.....[1]

(ii) Calculate the depreciation charge in his accounts for the year ended 31 March 2006.

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.....[1]

(iii) Calculate the net book value of the machine at 31 March 2006.

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.....[1]

(iv) Show the journal entry to enter the depreciation for the year ended 31 March 2005 in Ahmed's accounts. A narrative is **not** required.

| | Dr \$ | Cr \$ |
|--|----------|----------|
| | | |
| | | |

[2]

[Total: 13]

- 2 Bonnie Clyde makes parts for cars and her financial year ends on 31 March. After preparing her Trading and Profit and Loss Account for the year ended 31 March 2005 her trial balance shows the following items.

| | \$ |
|---|--------|
| Bank | 500 Dr |
| Bank loan repayable 2008 | 2 800 |
| Creditors | 700 |
| Debtors | 1 000 |
| Machinery | 20 000 |
| Provision for depreciation on machinery | 12 000 |
| Stock | 3 000 |
| Drawings | 4 500 |
| Capital account at 1 April 2004 | 6 000 |
| Profit for the year | 7 500 |

REQUIRED

- (a) Prepare Bonnie's Balance Sheet at 31 March 2005.

Bonnie Clyde
Balance Sheet at 31 March 2005.

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(b) (i) Define working capital.

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(ii) From your answer to **(a)** above, calculate Bonnie's working capital at 31 March 2005.

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.....[3]

[Total: 16]

At 30 April 2005 Zafira discovers the following:

- 1 she has recorded a receipt in her cash book of \$310 but has not yet deposited the money at the bank
- 2 she has written a cheque for \$250 and entered it in the cash book but it has not yet been paid by the bank.

REQUIRED

(b) Prepare the bank reconciliation statement at 30 April 2005.

Zafira
Bank reconciliation statement at 30 April 2005

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.....[5]

Zafira's bank statement shows a balance which is different from the bank reconciliation statement.

REQUIRED

(c) Suggest **two possible errors** which may have caused this difference.

(i)

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(ii)

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[4]

[Total: 16]

- 4 Redd keeps full accounting records and makes up his final accounts to 31 March each year. The following are extracts from his accounting records for March 2005.

Purchases Journal

| | | |
|----------|-------|--------|
| 5 March | Block | \$ 320 |
| 17 March | Quale | 500 |
| 29 March | Block | 270 |

Purchases Returns Journal

| | | |
|---------|-------|--------|
| 8 March | Block | \$ 100 |
|---------|-------|--------|

Cash Book (Cr)

| | | Discount Received \$ | Bank \$ |
|----------|-------|----------------------------|------------|
| 30 March | Block | | 220 |
| 31 March | Quale | 15 | 485 |

REQUIRED

- (a) Write up the accounts of Block and Quayle in Redd's purchases ledger for the month of March 2005, showing any balances carried and brought down.

Redd – Purchases Ledger

Block account

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Quayle account

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.....[10]

Redd pays rent on his business premises. The amount payable is \$900 quarterly in advance. He made payments by cheque as follows in the year ended 31 March 2005.

| | |
|--------------|-----|
| 2004 | \$ |
| 2 April | 900 |
| 2 July | 700 |
| 31 July | 200 |
| 30 September | 900 |
| | |
| 2005 | |
| 4 January | 900 |
| 29 March | 800 |

REQUIRED

- (b) Show the entries in Redd's rent account for the year ended 31 March 2005 and the amount transferred to the Profit and Loss Account for the year.

Redd – Rent account

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.....[8]

(c) (i) Explain what is meant by matching.

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.....[2]

(ii) Describe how matching has been applied in Redd's rent account prepared in (b) above.

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.....[2]

[Total: 22]

Question 5 is on the following page.

- 5 A summary of William's cash book for the year ended 31 March 2005 shows the following.

William – Cash Book (bank columns)

| Date | | \$ | Date | | \$ |
|--------------------------|---|--------|--------------------------|--|--------|
| 1 April 2004 | Balance b/d | 730 | | | |
| Year ended 31 March 2005 | Cash and credit deposits from customers | 15 270 | Year ended 31 March 2005 | Payments to suppliers, expenses and drawings | 14 750 |
| | | | 31 March 2005 | Balance c/d | 1 250 |
| | Total | 16 000 | | Total | 16 000 |
| 1 April 2005 | Balance b/d | 1 250 | | | |

You are given the following additional information:

| | |
|--|-------|
| | \$ |
| Debtors at 1 April 2004 | 3 140 |
| at 31 March 2005 | 4 080 |
| Cash sales all deposited at the bank (already included in the deposits for the year shown above) | 2 680 |
| Stock at 1 April 2004 | 1 780 |
| at 31 March 2005 | 1 920 |

An analysis of cheque payments shows the following:

| | |
|--------------------------|---------------|
| | \$ |
| Purchases from suppliers | 9 560 |
| Carriage inwards | 280 |
| Rent | 600 |
| Electricity | 360 |
| Motor expenses | 800 |
| Insurance | 580 |
| Wages paid to staff | 1 370 |
| Drawings (William) | <u>1 200</u> |
| | <u>14 750</u> |

REQUIRED

(a) Calculate William's total credit sales for the year. Show your workings.

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.....[4]

(b) Prepare William's Trading and Profit and Loss Account for the year ended 31 March 2005.

William
Trading and Profit and Loss Account
for the year ended 31 March 2005

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