

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	
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>Total</b>	

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.

This document consists of **12** printed pages.



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.

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.....[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.

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.....[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.

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.....[3]

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

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- 2 Jim Dee is a sole trader who buys and sells on credit and keeps full accounting records. His transactions for the month of September 2003 include the following.

<u>Date</u>	<u>Transaction</u>	<u>Customer's name</u>	<u>Amount (\$)</u>
September 6	Goods sold	Whizzo Products	400
10	Goods sold	T Culpepper	750
14	Goods returned	Whizzo Products	100
20	Goods sold	Sam Beesi	1500
26	Goods returned	T Culpepper	150

- (a) Enter these transactions in Jim's Sales Journal and Sales Returns Journal below and show the totals for the month.

<u>Sales Journal</u>		
<u>Date</u> 2003	<u>Customer</u>	<u>Amount</u> \$

<u>Sales Returns Journal</u>		
<u>Date</u> 2003	<u>Customer</u>	<u>Amount</u> \$

[7]

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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.....[7]

- 2 (c) On 3 October 2003 Jim sent an invoice for \$800 to Rachel Smith for goods sold to her on credit. Rachel paid for these goods by cheque on 12 October 2003, deducting 2½% cash discount.

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

Rachel Smith account

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.....[3]

3 Frankie and Johnny are in partnership. Their financial year ends on 31 August. After the preparation of their Trading and Profit and Loss Account for the year ended 31 August 2003, the following balances remained on the books.

	\$	
Capital Accounts: Frankie	50000	
Johnny	30000	
Current Accounts: Frankie	15000	
Johnny	5000 (Dr)	
Fixed assets at cost	85000	
Provision for depreciation of fixed assets	10000	
Stock	8000	
Debtors	14000	
Bank balance	5000 (Dr)	
Creditors	12000	

Prepare the Balance Sheet of the partnership as at 31 August 2003. Show the working capital.

Frankie and Johnny

Balance Sheet as at 31 August 2003

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[12]

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 \$

[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		100 000
Purchases	66 000	
Purchases returns		4 000
Stock 1 October 2002	12 000	
Insurance	4 250	
Wages	6 000	
General expenses	1 000	
Motor expenses	2 600	
Rent	5 000	
Motor vehicle at cost	10 000	

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

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