

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 October/November 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.

For Examiner's Use	
1	
2	
3	
4	
5	
<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.

- 1 (a) In which book of prime (original) entry would a cheque received from a customer be recorded?

.....[1]

- (b) State what is meant by trade discount.

.....[1]

- (c) In which section of the Balance Sheet would trade creditors appear?

.....[1]

- (d) In which system of petty cash does the cashier make up the balance to a fixed amount each month?

.....[1]

- (e) Stock is valued at the lower of cost and net realisable value. What is meant by net realisable value?

.....

.....[1]

- (f) To which final accounts are the totals on the following accounts transferred?

- (i) Carriage inwards

.....

- (ii) Carriage outwards

.....

[2]

- (g) In the following table, place a tick (✓) under the correct heading for each item.

	Capital expenditure	Revenue expenditure
Purchase of motor van		
New tyres for motor van		
Painting business name on motor van		
Cost of oil for motor van engine		

[4]

(h) For the year ended 31 August 2005, Sayed made a gross profit of \$45 000 and had expenses of \$30 000. The balance on his capital account at 31 August 2005 was \$150 000.

What is Sayed's return on capital employed (R.O.C.E.) for the year?  
Show your workings.

.....  
.....  
.....[3]

(i) Insert the missing words in the following statement.

'Working capital is defined as.....assets less  
.....liabilities' [2]

**[Total: 16]**

- 2 Pieter Burg is in business and buys goods from the General Supply Company. He received the following invoice from them.

GENERAL SUPPLY COMPANY SALES INVOICE			
Pieter Burg		25 September 2005	
Quantity	Description	Unit price	\$
<b>(i)</b> 1 000	Bolt fastenings	\$0.40	1 200.00
	Grommets	\$0.10	<b>(ii)</b>
	TOTAL		<b>(iii)</b>
Terms: 3% <b>(iv)</b> for payment within 14 days of invoice			

- (a) On the lines below, write the missing words or figures from the invoice.

- (i) ..... [1]
- (ii) ..... [1]
- (iii) ..... [1]
- (iv) ..... [1]



- 3 Smith has a business selling washing machines. He buys the goods from the manufacturers and sells them to stores and other suppliers.

He keeps full accounting records and his trial balance at 30 June 2005 is shown below.

Smith Trial balance at 30 June 2005		
	Dr. \$	Cr. \$
Advertising	400	
Bank	3 200	
Carriage inwards	700	
Creditors		8 600
Debtors	14 800	
Provision for depreciation of fixed assets		2 800
Drawings	24 000	
Fixtures & Fittings	5 600	
General expenses	390	
Insurance	420	
Lighting and heating	600	
Motor car	12 000	
Motor expenses	860	
Office expenses	280	
Rent	720	
Postage and stationery	180	
Purchases	75 600	
Sales		102 000
Capital		40 000
Stock at 1 July 2004	8 400	
Wages and salaries	5 250	
	<u>153 400</u>	<u>153,400</u>

The following additional information is available.

- 1 Stock at 30 June 2005 was valued at \$7 100.
- 2 Motor expenses of \$350 are to be accrued.
- 3 Depreciation of \$700 for the year is to be charged.
- 4 Purchase invoices of \$4 000 have not been included but the goods are included in the closing stock valuation.



(b) (i) Calculate to **two** decimal places Smith's gross profit percentage for the year. Show your workings.

.....  
.....[2]

(ii) Calculate to **two** decimal places Smith's net profit percentage for the year. Show your workings.

.....  
.....[2]

(c) Jones has a similar business and his gross profit percentage is higher than Smith's. Suggest **two** reasons for this difference.

(i) .....  
.....

(ii) .....  
.....[4]

**[Total: 24]**



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**Question 4 is on the following page**

- 4 (a) What is the reason for charging depreciation on capital expenditure in the Profit and Loss Account?

.....  
 .....[2]

Koala bought a printing press on 1 October 2004 for \$40 000. She is preparing her final accounts for the year ended 30 September 2005 and needs to decide which method of depreciation should be used.

She expects the printing press to have a useful life of ten years, and to be able to sell it at the end of that time for \$4 000.

Using this information she could use the straight line method, **or** the reducing (diminishing) balance method at 20% per annum.

- (b) Calculate how much depreciation will be charged in Koala's Profit and Loss Account for the next three years under **each** of the two methods.

Year ended 30 September	Straight line method \$	Reducing (diminishing) balance method \$
2005		
2006		
2007		

You may use the space below for your workings

[5]

Koala decides to use the reducing balance method of depreciation.

- (c) Show the entries in the provision for depreciation of machinery account below for **each** of the three years ending 30 September 2005, 2006 and 2007

Provision for depreciation of machinery account

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.....[7]

[Running balance format acceptable]

[Total: 14]

- 5 Anvil has prepared the following trial balance (after calculating net profit) for the year ended 31 August 2005.

Anvil		
Trial Balance at 31 August 2005		
	\$	\$
Plant and equipment	45 000	
Motor cars	22 000	
Provision for depreciation		
Plant and equipment		12 000
Motor cars		5 400
Accruals		3 300
Bank and cash	22 400	
Bank loan repayable 2009		15 000
Creditors		32 000
Debtors	52 000	
Prepayments	1 800	
Stock at 31 August 2005	16 000	
Capital		91 000
Drawings	30 000	
Net profit	<u>189 200</u>	<u>30 500</u> <u>189 200</u>

- (a) Prepare Anvil's Balance Sheet at 31 August 2005.

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