



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

0452/02

Paper 2

October/November 2009

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	
5	
Total	

This document consists of **13** printed pages and **3** blank pages.

1 (a) Give **two** examples of a final account.

- (i)
- (ii) [2]

(b) In the table below, place a tick (✓) under the correct heading to show whether each item is income or an expense:

		Income	Expense
(i)	Discount received		
(ii)	Carriage outwards		
(iii)	Bank charges		

[3]

(c) When updating the cash book from a bank statement, give **one** example of an item for which the cash book may need to be adjusted.

..... [1]

(d) Petrus owes \$250 to Quintus. Petrus is declared bankrupt and cannot pay Quintus. Quintus decides to write off the debt. Show the necessary journal entry in Quintus' books to record this. A narrative is **not** required.

	Dr \$	Cr \$

[2]

(e) State in which specialist area of the ledger you would find:

- (i) a supplier's account
.....
- (ii) the repairs account
..... [2]

- (f) Saleem pays rent on his workshop by cheque quarterly in advance. On 1 October 2009 he pays \$960 for the period 1 October to 31 December 2009.

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Write up his rent account for the month of October 2009. Show the transfer to profit and loss account for the month and any balance brought down at 1 November 2009.

Saleem
Rent account

.....
.....
.....
.....
.....

[4]

- (g) Tacit and Ursa set up in partnership.

- (i) In which document will they record how profits and losses are to be shared?

.....

- (ii) Name **one** other financial matter which might also be included in this document.

..... [2]

[Total: 16]

2 (a) State which accounting document would show the amount of:

(i) trade discount

.....

(ii) cash discount

..... [2]

Chen makes the following sales on credit in the week ending 16 October 2009.

October	Customer	Reference	\$
12	Artelis	A4	230
14	Brook	B1	300
15	Chadri	C7	55

He writes up his sales journal at the end of the week as shown below.

Chen
Sales journal

October		Reference	\$
12	Artelis	A4	250
14	Brook	B1	<u>300</u>
16	Total sales for week		<u>550</u>

REQUIRED

(b) From the entries in the sales journal, write up the accounts in Chen's ledger shown on the next page to record the transactions for the month.

Sales account

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

Artelis account

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

Brook account

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

Chen realises he has made two errors in writing up the sales journal. He decides to correct these errors by journal entries.

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Use

REQUIRED

- (c) Show the **two** separate journal entries necessary to correct these errors. Narratives are **not** required.

	Dr \$	Cr \$

	Dr \$	Cr \$

[4]

- (d) State the balance on each of the accounts in Chen's ledger **after** correcting the two errors.

	Dr \$	Cr \$
Sales account		
Artelis account		
Brook account		
Chadri account		

[6]

[Total: 18]

- 3 Dindas has prepared his final accounts for the year ended 30 September 2009 and his balance sheet is as follows.

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Dindas
Balance Sheet at 30 September 2009

	\$	\$	\$
Fixed assets at net book value			9 600
Current assets			
Stock		2 400	
Debtors		11 200	
Bank		3 250	
Prepaid expenses		<u>850</u>	
		17 700	
Current liabilities			
Creditors	8 100		
Accrued expenses	<u>1 300</u>		
		<u>9 400</u>	
Net current assets			<u>8 300</u>
			17 900
Long term liabilities			
Bank loan repayable 2012			<u>6 200</u>
			<u>11 700</u>
Financed by:			
Capital at 1 October 2008			10 000
Add: Net profit			<u>12 500</u>
			22 500
Less: Drawings			<u>10 800</u>
Capital at 30 September 2009			<u>11 700</u>

REQUIRED

- (a) From the information in Dindas's balance sheet above, calculate the following. Show your workings and give the ratios to **two** decimal places.

- (i) Current ratio

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[3]

(ii) Quick ratio

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..... [4]

(iii) Working capital

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..... [3]

Dindas wishes to know the effect on his working capital of making changes to his business.

REQUIRED

(b) In the table below, for each proposed change, place a tick (✓) under the correct heading to show the effect on his working capital.

	Working capital		
	Increase	Decrease	No effect
Introduce additional money as capital			
Reduce debtors by collecting outstanding amounts			
Repay outstanding amount of loan from bank			
Reduce personal drawings			

[8]

[Total: 18]

- 4 Rashida has a business selling office machines, office supplies and stationery from her warehouse.

REQUIRED

- (a) In the following table, place a tick (✓) under the correct heading to show the correct category of each asset shown on her balance sheet.

	Tangible fixed assets	Intangible fixed assets	Current assets
Goodwill			
Motor van			
Warehouse			
Stock			

[4]

Cleo is in business and prepares her accounts to 30 September each year. On 1 October 2008 she bought a new photocopier from Rashida for \$2100.

Cleo decides to depreciate the photocopier over three years using the straight line method. She expects the scrap value of the photocopier at the end of this period to be \$300.

REQUIRED

- (b) Calculate the amount of depreciation to be charged in Cleo's profit and loss account for **each** of the **two** years ended 30 September 2009 and 30 September 2010.

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[4]

- (c) Prepare the provision for depreciation account in Cleo's ledger for the **two** years ended 30 September 2009 and 30 September 2010. Balance the account at the end of each year and show the amount transferred to the profit and loss account for each year.

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Cleo
Provision for depreciation account

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..... [4]

- (d) Complete the following extract from Cleo's balance sheet on 30 September 2010.

Cleo
Balance Sheet at 30 September 2010 (extract)

Cost	Provision for depreciation	Net book value
\$	\$	\$

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

(e) Explain what the balance at 30 September 2010 on Cleo's provision for depreciation account represents.

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

[Total: 17]

Question 5 is on the next page.

5 Khalid earns fees and commissions from his insurance business. His capital account at 1 November 2008 showed \$3000 Cr.

A summary of the bank columns in his cash book for the year ended 31 October 2009 showed:

	Bank \$		Bank \$
Clients – fees received	12 000	Rent	9 600
Clients – commissions received	32 000	Staff wages	8 800
		Office expenses	6 400
		Motor expenses	3 600
		Drawings - Khalid	25 000

Fees are invoiced when work is completed. Debtors for fees were:

	\$
1 November 2008	2600
31 October 2009	4100

There were no prepaid or accrued expenses.

REQUIRED

(a) Calculate the fees earned by Khalid for the year ended 31 October 2009.

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[5]

(d) Suggest **two** ways in which Khalid might reduce or eliminate the deficit on his capital account.

(i)

.....

(ii)

..... [4]

[Total: 21]

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