UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

ACCOUNTING 0452/02

Paper 2

May/June 2006

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 rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

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 11 printed pages and 1 blank page.

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[Turn over

1	(a)	In which book of prime (original) entry should disbe recorded?	scount all	owed and o	liscount received
					[1]
	(b)	Which accounting principle is being applied wher expense?	n an adjus	stment is ma	ade for a prepaid
					[1]
	(c)	In which section of the balance sheet will a provis	ion for dep	oreciation be	e shown?
	(d)	Explain what is meant by an error of omission.			
					[1]
	(e)	In the following table, place a tick (✓) under the co	orrect hea	ding for eac	h item.
			Income	Expense	
		Discount received			
		Carriage outwards			
		Interest on bank deposit			
		Bad debts written off			
					[4]
	(f)	In a partnership Appropriation Account, name to deducted from, net profit before the partners' share			
		(i)			
		(ii)			[2]

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(g)	Sta	te what is meant by working capital.	
			[2]
(h)	Fra	nk maintains his petty cash on the imprest system. He keeps a balance of \$200.	
	At t \$12	he end of April the balance in hand is \$65 and there are vouchers for expenditure 5.	of
	(i)	How much will Frank draw from the bank to restore his petty cash balance?	
			[1]
	(ii)	Suggest one reason for the difference in the petty cash balance.	
			[2]
(i)	(i)	State what is meant by the quick ratio.	
			[2]
	(ii)	Explain why this is a useful accounting ratio.	
			[2]
		[Total: 1	19]

[8]

2 Loretti started a business on 1 April 2006. On that day he introduced the following into the business:

Stock \$12 000, office furniture \$1500, and cash \$2500, of which \$200 was kept on hand for petty cash and the balance, \$2300, was paid into a business bank account.

On the same day his cousin Hassan paid \$3000 into the business bank account as a loan to the business.

REQUIRED

(a) Show the opening journal entry to record these transactions. A narrative is **not** required.

Loretti Journal		
	Dr \$	Cr \$
		L

Loretti decided to keep his petty cash book on the imprest system. In the month of April 2006 he paid the following expenses from his cash balance.

		\$
3 April	Stationery	35
8 April	Refreshments	40
13 April	Cleaning	50
20 April	Travelling	20

On 1 May he withdrew the appropriate amount from the bank to restore the imprest amount.

REQUIRED

(b) Write up Loretti's petty cash book, on the page opposite, for the month of April and show the amount transferred from the bank on 1 May.

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Loretti – Petty Cash Book

	1								· —
	\$								[8]
	\$								
	↔								
	↔								
Total paid	↔								
Details									
Date									
Total received	\$								
Details									
Date						 			

3 Hilota has a business supplying spare parts for cars. His financial year ends on 31 March. At 31 March 2006 his accounts showed the following balances:

	\$
Fixed assets at cost	22 000
Provision for depreciation	9 300
Stock (at 1 April 2005)	3 200
Balance at bank (Dr)	1 550
Sales	56 500
Sales returns	500
Purchases	34 200
Carriage outwards	950
Rent	4 000
Wages	7 200
General expenses	2 600
Capital	20 000
Drawings	9 600

REQUIRED

(a) Prepare Hilota's Trial Balance at 31 March 2006.

Hilota
Trial Balance at 31 March 2006

Dr \$	Cr
Ф	\$
	•••••

[12]

Hilota has stock on hand at 31 March 2006 amounting to \$3800.

REQUIRED

(b) From the information above and in part (a), prepare Hilota's Trading Account for the year ended 31 March 2006.
Hilota

	Trading Account for the year ended 31 March 2006						
		[7]					
(c)	(i)	Calculate Hilota's gross profit percentage for the year, to two decimal places.					
		[3]					
		الا					

(ii)	On the basis that Hilota had no sales returns in the period, calculate his revised gross profit percentage to two decimal places.	d
		11
	[3	[

[Total: 25]

(a) Complete the	e following sentence:		
"Stock is valu	ued at the	of	and
			"
••••••			······································
Rudi buys and se	ells engineering parts. The	following information a	bout his stock is availa
Part number		Cost per unit	Selling price per ur
	at 30 April 2006	\$	\$
A005	250	1.30	1.95
B017	600	2.00	1.80
C060	150	2.50	3.50
(b) Compute the	value of stock to be show	n in Rudi's Balance Sh	eet at 30 April 2006.

[2] [Total: 17] **5** Rajit has a business making furniture. After preparing his Trading and Profit and Loss Account for the year ended 31 December 2005, a summary of his trial balance shows the following items:

	\$
Fixed assets at cost	62 500
Provision for depreciation	12 500
Current assets	47 000
Current liabilities	19 000
Capital account at 1 January 2005	74 000
Drawings	9 000
Profit for the year	13 000

REQUIRED

(a) Prepare Rajit's Balance Sheet at 31 December 2005.

Rajit Balance Sheet at 31 December 2005
[10]

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(b)	Calculate to two decimal places Rajit's return on his capital employed. Use the capit at 1 January 2005.	al
		••
	[:	3]

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[Total: 13]

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