

Candidate Name _____

Centre Number	Candidate Number

International General Certificate of Secondary Education
CAMBRIDGE INTERNATIONAL EXAMINATIONS
ACCOUNTING
PAPER 2

0452/2

MAY/JUNE SESSION 2002

1 hour 30 minutes

Candidates answer on the question paper.
No additional materials are required.

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

INFORMATION FOR CANDIDATES

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.

You may use the lined pages (pages 11 and 12) for your workings.

FOR EXAMINER'S USE	
1	
2	
3	
4	
5	
TOTAL	

This question paper consists of 10 printed pages and 2 lined pages.



1 (a) State what is deducted from sales to find gross profit.

..... [1]

(b) Name the final account to which the balance of the Discount Allowed account is transferred at the end of the financial year.

..... [1]

(c) Name **two** types of error which do **not** affect the agreement of a trial balance.

1

2 [2]

(d) Freda purchased a business for \$200 000. The net assets of the business were valued at \$170 000.

Name the accounting term for the difference between these two amounts.

..... [1]

(e) For **each** of the three items below place **one** tick (✓) in the correct box to show where it appears in a partnership's final accounts.

	Profit and Loss Account	Profit and Loss Appropriation Account
1 Interest on a partner's capital		
2 Interest on a loan from a partner		
3 Interest on a partner's drawings		

[3]

(f) 'Profit should not be overstated by ignoring foreseeable losses and revenue should not be recorded before it is earned.'

Name the accounting concept described in this statement.

..... [1]

(g) A business provides the following information for the year ended 31 March 2002.

	\$
Cost of goods sold	200 000
Stocks: at 1 April 2001	26 000
at 31 March 2002	14 000

Calculate the business's rate of stock turnover for the year ended 31 March 2002. Show your workings.

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.....

.....

..... [4]

(h) Name **two** methods of providing for the depreciation of fixed assets.

1

2 [2]

(i) State how a business's quick ratio is calculated.

.....

..... [1]

- 2 Agrotech sells farming equipment and supplies on credit. A new customer, Chalk Farm, has recently been supplied with goods shown on the invoice below.

AGROTECH			
INVOICE			
Unit 6 Downyer Way Midtown	Invoice No: 0/5721 Date: 6 April 2002		
DESCRIPTION	QUANTITY	PRICE \$	TOTAL \$
Sacks of Groquick fertiliser	50 sacks	\$20 per sack	(i) <input style="width: 80px; height: 20px;" type="text"/>
Tractor tyres (type B/6)	4	\$125 each	500
TOTAL GOODS			(ii) <input style="width: 80px; height: 20px;" type="text"/>
20% Trade Discount			(iii) <input style="width: 80px; height: 20px;" type="text"/>
INVOICE TOTAL (NET GOODS)			(iv) <input style="width: 80px; height: 20px;" type="text"/>
Chalk Farm Springfield OXTON			
Terms: 3% for settlement within one month.			

- (a) Calculate the missing amounts at (i), (ii), (iii) and (iv) on the invoice and enter these in the boxes above. [4]

- (b) Complete the sentences below to show the prime (original) entry book where the invoice details are entered.

1 In the **books of Agrotech**, the invoice is entered in the

.....

2 In the **books of Chalk Farm**, the invoice is entered in the

..... [2]

- (c) When the goods were delivered, one tractor tyre was found to be faulty. Agrotech could not replace the tyre and issued a credit note to Chalk Farm on 17 April 2002.

Calculate the net amount shown on the credit note issued by Agrotech to Chalk Farm. Show your workings in the space below.

.....

.....

.....

..... [3]

- (d) Chalk Farm paid the amount due to Agrotech from these transactions by cheque on 24 April 2002, deducting cash discount of 3%.

Write up the ledger account of Agrotech in **Chalk Farm's books** from the above information.

Agrotech account

.....

.....

.....

.....

.....

..... [6]

(c) (i) Name the type of error which occurred when machinery repairs were debited to the Machinery account.

..... [1]

(ii) Explain why it is important for Krismah Bipas to correct the error occurring in (b)2 above.

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.....
.....
.....
.....
..... [4]

- 5 Jules and Jim own similar businesses. The following information shows their trading results for the year ended 31 March 2002.

	Jules	Jim
	\$	\$
Sales	100 000	200 000
Cost of goods sold	60 000	140 000
Expenses	20 000	30 000

- (a) For **each** business, calculate the following for the year ended 31 March 2002. Show your workings.

	<i>Jules</i>	<i>Jim</i>
(i) Gross profit

(ii) Gross profit as a percentage of sales

(iii) Net profit

(iv) Net profit as a percentage of sales

[8]

(b) Using the information in each of your answers to **(a)**, comment on the performance of the two businesses, stating which was the most successful in the year ended 31 March 2002.

.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

On 31 March 2002 the current assets and current liabilities of the businesses were as shown below.

	<i>Jules</i>	<i>Jim</i>
	\$	\$
Current assets	20 000	18 000
Current liabilities	10 000	24 000

(c) (i) For **each** business calculate the current ratio at 31 March 2002. Show your workings.

	<i>Jules</i>	<i>Jim</i>
Current ratio:

 [4]

(ii) Using your answers to **(i)**, state and explain which business had the stronger working capital position on 31 March 2002.

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

You may use this page for workings

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You may use this page for workings

A series of horizontal dotted lines for working out calculations.