

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

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	
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4	
5	
<b>Total</b>	

This document consists of **11** printed pages and **1** blank page.



- 1 (a) In which book of prime (original) entry should discount allowed and discount received be recorded?

..... [1]

- (b) Which accounting principle is being applied when an adjustment is made for a prepaid expense?

..... [1]

- (c) In which section of the balance sheet will a provision for depreciation be shown?

..... [1]

- (d) Explain what is meant by an error of omission.

.....  
..... [1]

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

	Income	Expense
Discount received		
Carriage outwards		
Interest on bank deposit		
Bad debts written off		

[4]

- (f) In a partnership Appropriation Account, name **two** items which may be added to, or deducted from, net profit before the partners' share of profit is calculated.

(i) .....

(ii) ..... [2]

(g) State what is meant by working capital.

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

(h) Frank maintains his petty cash on the imprest system. He keeps a balance of \$200.

At the end of April the balance in hand is \$65 and there are vouchers for expenditure of \$125.

(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: 19]**

2 Loretto 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.

Loretto Journal		
	Dr \$	Cr \$

[8]

Loretto 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 Loretto's petty cash book, on the page opposite, for the month of April and show the amount transferred from the bank on 1 May.



- 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 \$
.....	.....	.....
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[12]



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

.....

.....

.....

.....

..... [3]

**[Total: 25]**







(b) Calculate to **two** decimal places Rajit's return on his capital employed. Use the capital at 1 January 2005.

.....

.....

.....

..... [3]

**[Total: 13]**

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