



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

CANDIDATE NAME							
CENTRE NUMBER				CANDIDA NUMBER			

ACCOUNTING 0452/22

Paper 2 May/June 2013
1 hour 45 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.



1 Nathan Kershaw runs an advertising agency. His financial year ends on 31 March. He provided the following information on 31 March 2013.

	\$
Motor vehicle at cost	12480
Provision for depreciation of motor vehicle	5460
Office equipment at cost	9800
Provision for depreciation of office equipment	4410
Income from clients	94 060
Wages	42000
Office expenses	6 2 5 0
Commission received	1 050
Rates and insurance	10 000

Additional information

- 1 On 31 March 2013 commission receivable outstanding amounted to \$190 and office expenses due amounted to \$540.
- 2 During the year Nathan Kershaw has withdrawn \$7800 in cash. This has been debited to the wages account.
- 3 The rates and insurance includes \$3000 for insurance of the premises. This represents cover for 15 months to 30 June 2013.
- 4 The motor vehicle is being depreciated at 25% per annum on the reducing (diminishing) balance method.
- 5 The office equipment is being depreciated at 15% per annum on the straight line method.
- (a) Prepare the income statement of Nathan Kershaw for the year ended 31 March 2013.

Nathan Kershaw Income Statement for the year ended 31 March 2013

For Examiner's Use

[14]

After the preparation of the income statement the following errors and omissions were discovered:

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- 1 A bank statement received on 31 March 2013 showed bank charges of \$140. This had not been entered in the accounting records.
- The office expenses includes stationery. The inventory of stationery was valued at \$210 on 31 March 2013. No adjustment had been made in the accounting records.
- 3 The trade receivables amounted to \$8400 on 1 April 2012 and \$8900 on 31 March 2013. A provision for doubtful debts is maintained at 2% of trade receivables. No entries had been made on 31 March 2013 to adjust the provision.
- 4 On 1 January 2013 the business received a \$10 000 loan from Finance4all. No entries had been made for interest which is charged at 6% per annum.
- **(b)** Complete the table below to show what effect **each** of the above errors would have on the profit for the year ended 31 March 2013

The first one has been completed as an example.

_	Effect on profit for the year								
Error	Overstated \$	Understated \$	No effect						
1	140								
2									
3									
4									

[6]

[Total: 20]

Question 2 is on the next page.

2 Ahmed was appointed treasurer of the Valley Music Club on 1 March 2012. At the end of the financial year on 28 February 2013 it was discovered that Ahmed had not written up the club's cash book.

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He was able to provide the following information.

	\$
Subscriptions received for the year ended 28 February 2013	5000
Subscriptions received for the year ending 28 February 2014	550
Rent paid for 11 months to 31 January 2013	2200
Payments to refreshment suppliers	950
Sales of concert tickets	1960
Expenses of concert	2140
Sale of old musical instruments (book value \$250)	190
General expenses	3460
Revenue from sale of refreshments	?

The Club's bank statements showed a balance at bank on 1 March 2012 of \$3090 and a balance at bank on 28 February 2013 of \$4790.

(a) Prepare the receipts and payments account of the Valley Music Club for the year ended 28 February 2013, showing the revenue received from the sale of refreshments.

Valley Music Club Receipts and Payments Account for the year ended 28 February 2013
[13]

The Valley Music Club has a café which serves refreshments to members and their guests.

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The café inventory was valued at \$190 on 1 March 2012 and at \$260 on 28 February 2013.

The café suppliers were owed \$170 on 28 February 2013. There was no balance outstanding on 1 March 2012.

One quarter of the general expenses relate to the café.

On 1 March 2012 the café fixtures and fittings were valued at \$2600.

On 28 February 2013 they were valued at \$2150. No café fixtures and fittings were bought or sold during the year.

(b) Prepare the café income statement of the Valley Music Club for the year ended 28 February 2013.

Valley Music Club

Café Income Statement for the year ended 28 February 2013
[8]
[6]

[Total: 21]

Use

For Examiner's Use

6084

3	(a)	Explain the difference between a dishonoured cheque and an unpresented cheque.								
								[2]		
	(b)	Expl	ain the differen	ce betweer	n a standin	g order and a direct	debit.			
								[2]		
	Sofi	ivo Cl	aandi ia a trada	r Harfinan	oial voor a	ando on 20 April				
		-			-	ends on 30 April. nonth of April 2013 w	ere as follows			
	1116	Daiir	Columns of the			columns only)	ere as ioliows	•		
				Casii L	ook (bank	Columns offiy)	0.			
		.40		\$	0040		Cheque number	\$		
		oril 1 4 15 24 29	Balance b/d Cash sales Aziz & Co Capital Khalid	1194 1250 110 3000 530	2013 April 2 8 10 18 30 30	Waheed El Nil Stores Expenses Equipment Assistant's salary Balance c/d	000134 000135 000136 000137 000138	316 465 212 2500 450 2141		

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6084

2141

2013

May 1 Balance b/d

Safiya Shendi's business bank statement for April 2013 was as follows:

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Bank Statement for the month of April 2013

		Debit	Credit	Balance
2013		\$	\$	\$
April 1	Balance			86 Dr
2	Credit		280	194 Cr
4	Credit		1260	1454 Cr
7	000134	316		1138 Cr
14	000135	465		673 Cr
18	000136	212		461 Cr
21	Credit		110	571 Cr
26	000137	2500		1929 Dr
29	Credit		3000	1071 Cr
30	Credit transfer (rent)	280		791 Cr
30	Dishonoured cheque (Aziz & Co)	110		681 Cr

The following errors were discovered.

- 1 Safiya Shendi had brought down the cash book balance on 1 April 2013 incorrectly. It should have been \$194 and not \$1194.
- 2 The bank had made an error recording the cash paid into the bank on 4 April. It should have been \$1250 and not \$1260.

Cash Book (bank columns only)

(c) Starting with the debit balance of \$2141 update Safiya Shendi's cash book. Bring down the updated bank balance on 1 May 2013.

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	[7]
	1/1

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(d)	Prepare a b	oank reconciliatio	n statement	for Safiya Sh	nendi at 30 April 2	2013.	
		Bank Recon	ciliation State	ement at 30	April 2013		
						[8]
The	following ac	ccount appeared	in Safiya Sh	endi's ledger	r.		
		Saf	iya Shendi C	apital accoui	nt		
			\$			\$	
	2013 April 30	Purchases Loss Balance c/d	390 1 340	2012 May 1 2013 April 24	Balance b/d	10 000	
			11270 13000		Bank	3 000 13 000	
				2013 May 1	Balance b/d	11270	
(e)	Explain the	following entries	in the above	account.			
` ,	April 24 Baı	_					
		•••					
			•••••				•••
						-	<u></u> [2]
	April 30 Pui					L	_,
	April 30 Pul	iciiases					
							•••
						г	
						l	[2]
	April 30 Los	SS					
							•••
						[2]
						[Total: 2	51

Question 4 is on the next page.

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Use

William Masanga started a business on 1 May 2012. He did not maintain a full set of accounting records. All goods were bought and sold on credit terms. All monies received were paid into the bank and all payments were made by cheque. On 30 April 2013 he provided the following information. \$ On 1 May 2012 80000 Capital introduced Non-current assets purchased 55000 During the year to 30 April 2013 Payments to credit suppliers 34420 Discounts received from credit suppliers 880 1250 Returns to credit suppliers Credit sales 55490 Bad debts 210 Credit purchases ? Receipts from credit customers Expenses paid On 30 April 2013 27940 Balance at bank Amount owed to credit suppliers 2950 Amount owed by credit customers 4600 Inventory at cost 3480 Inventory at net realisable value 3250 (a) Calculate the credit purchases for the year ended 30 April 2013.

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(b)	Calculate 30 April 20		amount	received	from	credit	customers	during	the	year	ended
		•••••									[5]
(c)	Calculate t	the ex	xpenses	oaid durin	g the y	ear end	ed 30 April	2013.			
					•••••			•••••		•••••	[7]
(d)	Explain t 30 April 20	wo 013 at	reasons t \$3250.	why Wi	lliam	Masang	ga should	value	his i	nvento	ory on
	2										
											[4]

(e) Assume that the inventory on 30 April 2013 was incorrectly valued at \$3480. Complete the following table by placing a tick (✓) in the correct column to show the effect of this error.

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	Overstated	Understated	No effect
Profit for the year ended 30 April 2013 Profit for the year ended 30 April 2014			

[4]

William Masanga has asked A1 Wholesalers Ltd to supply him with goods on cred He has not previously traded with this supplier. State one reason why A1 Wholesalers Ltd would be interested in William Masanga financial statements.	
	 [2]
IT at al. O	01

[Total: 28]

Question 5 is on the next page.

	1	16		
Ta	zeen Shah is a wholesaler. Her financial ye	ar ends on 31 Janua	ary.	
	ne purchases all her goods on credit terms a her sales are made on credit terms and she			ers.
Sh	e provided the following information.	31 January 2012	31 January 2013	
	Collection period for trade receivables Payment period for trade payables Current ratio Return on capital employed (ROCE)	30 days 44 days 2 : 1 15%	36 days 40 days 1.75 : 1 18%	
(a)	State the purpose of calculating the collect	ction period for trade	receivables.	
				[1]
(b)	State whether Tazeen Shah will be satisfi trade receivables. Give a reason for your		in the collection period	for
	Satisifed?			
	Reason			
				[3]
(c)	State whether the credit suppliers will be ended 31 January 2013. Give a reason fo		ayment period for the ye	ear
	Satisifed?			
	Reason			
				[3]
(d)	Explain why it is important for Tazeen S capital.	hah to have an ade	equate amount of work	ing

[2]

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For Examiner's Use (e) Tazeen Shah made the following transactions on 1 February 2013.

State, giving a reason, how **each** transaction would affect Tazeen Shah's working capital.

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[6]

The first one has been completed as an example.

Transaction	Effect on working capital	Reason
Paid \$10 000 to A1 Finance as part repayment of loan	Decrease \$10 000	Current assets decrease No change in current liabilities
Goods, \$135, were purchased on credit from Abu & Co		
Paid \$280 to Farouk, a credit supplier, in full settlement of \$300 owing		
Withdrew \$150 from the bank to restore the petty cash imprest		

(f) State whether Tazeen Shah will be satisfied with the change in the return on capital employed (ROCE).

Satisified?

Reason

(g) The following transactions took place on 31 January 2013, but were not entered in the accounting records.

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State, giving a reason, how each transaction would affect Tazeen Shah's return on capital employed (ROCE).

Transaction	Effect on return on capital employed (ROCE)	Reason
Goods, \$1230, were purchased for cash		No change in profit for the year
	No change	No change in total current assets so no change in capital employed
Additional capital, \$10 000, was placed in the business bank account		
Fixtures, \$500, were purchased by cheque		
		[6]

(h) Tazeen Shah's financial statements do not provide a complete picture of the

[Total: 26]

performance and position of her business. State how non-financial aspects may be regarded as a limitation of financial statements.

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