Short Answer

Questions

1 **(a)** State **one** example of a current liability.

....[1]

(b) State the effect on net profit if opening stock is overvalued.

....[1]

(c) State **one** purpose for which the Journal may be used.

....[1]

(d) For **each** of the three items 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 partners' drawings		
2 Interest on a loan from a partner		
3 Interest on partners' capitals		

[3]

(e) Cherie owns a clothing store
For **each** of the three items shown below, place **one** tick (✓) in the correct box.

	Revenue expenditure	Capital expenditure
1 Sales assistant's wages		
2 New showroom fittings		
3 Cost of installing the new fittings		

[3]

(f) Complete the following sentence.

"A **debit** balance on a ledger account is either an .... or an ...."

[2]

(g) A business paid $20 000 for a new machine on 1 January 2001. Depreciation was charged on the machine at the rate of 30% using the reducing balance method.

Calculate the machine's net book value on 31 December 2002.

Show your workings.

....

....

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....

....

....[4]

(h) In which section of a Balance Sheet does rent received in advance appear?

....[1]

(i) Name the system of petty cash in which the petty cashier begins each new accounting period with the same amount of petty cash.

....[1]

(j) A sale on credit to Smith was entered on the debit side of Smythe's account in the seller's ledger.

Name this type of error.

....[1]

(k) Charlie bought an existing business for $200 000. The value of the business as shown by the Balance Sheet was $175 000.

Suggest **one** reason why Charlie was prepared to pay more for the business than the value of its net assets.

....

....

....

....[1]

2

1 **(a)** Oscar sold goods on credit to Felix. Felix later returned some of the goods because they were damaged.

   (i) Name the document Felix sent to Oscar when the goods were returned.

   ....[1]

   (ii) Name the book of prime (original) entry in which the return of the goods was recorded

   1. in Oscar's books

   ....[1]

   2. in Felix's books

   ....[1]

(b) Name the final account to which the total of the Discounts Received account is transferred at the end of the financial year.

   ....[1]

(c) The following information relates to a sole trader's business for the year ended 31 August 2003.

	$
Cost of goods sold	60 000
Stocks: At 1 September 2002	7 000
At 31 August 2003	3 000

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   Calculate the rate of stock turnover for the year ended 31 August 2003. Show your workings.

   ....

   ....

   ....

   ....

   ....[3]

(d) A business sold goods on credit to a customer for $5000, offering a discount of $2\frac{1}{2}\%$ for payment within 30 days. The customer paid within 30 days. Calculate the amount paid by the customer. Show your workings.

   ....

   ....

   ....[3]

3

(e) Name the accounting principle which is described in the following sentence. "The same accounting treatment should be applied to similar items at all times."

....[1]

(f) In which final account would bank charges appear?

....[1]

(g) State **one** reason why a supplier of goods on credit sends a statement of account to the customer.

....

....[1]

(h) Name the account which is brought up to date before a bank reconciliation statement is prepared.

....[1]

(i) On 30 September 2003 Joe's business included the following assets and liabilities:

	$
Stock	18 000
Trade debtors	9 000
Bank overdraft	2 000
Trade creditors	16 000

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(1) Calculate Joe's working capital. Show your workings.

....

....

....

....

....

....

....[3]

(2) Calculate Joe's quick ratio. Show your workings.

....

....

....

....[3]

[Turn over

1 (a) Give **one** example of a fixed asset likely to be used by an engineering business.

....[1]

(b) (i) Name the document sent to a customer by a supplier when goods are bought on credit.

....[1]

(ii) Name the book of prime (original) entry in which the customer will enter this transaction.

....[1]

(iii) Name the ledger in which the supplier will keep his customer's account.

....[1]

(c) A machine was bought for $46 000. It has an estimated useful life of five years when its scrap value is expected to be $6000. It is to be depreciated using the straight line (equal instalment) method. Showing your workings, calculate

(i) the annual amount of depreciation to be charged

....

....

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....

....[2]

(ii) the annual percentage rate of depreciation to be charged

....

....

....[2]

(d) Explain what is meant by an error of original entry.

....

....[1]

(e) State **one** reason why a supplier would give trade discount to a customer.

....

....[1]

(f) Name the ledger account to which a difference on a trial balance may be posted.

....[1]

3

(g) Name **one** accounting ratio which measures a business's profitability.

....[1]

(h) A sole trader's Electricity account for the year ended 31 March 2004 showed the following.

		$
1 April 2003	Balance brought down (Cr)	3 000
April 2003–March 2004	Bank – payments made during the year	18 000

On 31 March 2004 $4000 was owing by the trader for electricity.

Calculate the amount charged for electricity in the trader's Profit and Loss Account for the year ended 31 March 2004. Show your workings.

....

....

....

....

....

....

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....[3]

[TOTAL: 15]

2

1 **(a)** State **one** purpose for which the journal may be used.

....[1]

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

....[1]

(c) State the basis on which a business should value its closing stock.

....[1]

(d) **(i)** An invoice showed a balance owing of $1000, less $2\frac{1}{2}$% discount for payment by the end of the month. The debtor paid in time and claimed the discount.

How much did he pay? Show your workings.

....

....

....

....[2]

(ii) Name the **type** of discount claimed by the debtor in **(i)** above.

....[1]

(e) State the name given to the list of debit and credit balances in a business's books on a given date.

....[1]

(f) Name a partnership's final account which shows the division of profits and losses between the partners.

....[1]

(g) Explain what is meant by a compensating error.

....

....[2]

(h) Sam owns a factory making agricultural machines. Give **one** example of capital expenditure and **one** example of revenue expenditure for his business.

1. Capital expenditure ....

2. Revenue expenditure ....[2]

[TOTAL: 12]

2

1 (a) Name **two** books of prime (original) entry.

(i) ....

(ii) ....

[2]

(b) Explain what is meant by an accrued expense.

....

....[1]

(c) In which section of the Balance Sheet will a bank overdraft be shown?

....[1]

(d) To which account would the unexplained difference on a trial balance be transferred?

....[1]

(e) In which final account will the cost of repairs to motor vehicles be shown?

....[1]

(f) A sales invoice is entered in the sales returns journal by mistake. Name the type of error which has been made.

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....[1]

(g) State what is meant by going concern.

....

....[1]

(h) Ahmed draws up his accounts to 31 March each year. He bought a machine on 1 April 2004 for $12 000. Depreciation is to be charged at 15% per annum on a straight line basis.

(i) Calculate the depreciation charge in his accounts for the year ended 31 March 2005.

....

....[1]

(ii) Calculate the depreciation charge in his accounts for the year ended 31 March 2006.

....

....[1]

3

(iii) Calculate the net book value of the machine at 31 March 2006.

....

....[1]

(iv) Show the journal entry to enter the depreciation for the year ended 31 March 2005 in Ahmed's accounts. A narrative is **not** required.

	Dr $	Cr $

[2]

[Total: 13]

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2

1 **(a)** In which book of prime (original) entry would a cheque received from a customer be recorded?

....[1]

(b) State what is meant by trade discount.

....[1]

(c) In which section of the Balance Sheet would trade creditors appear?

....[1]

(d) In which system of petty cash does the cashier make up the balance to a fixed amount each month?

....[1]

(e) Stock is valued at the lower of cost and net realisable value. What is meant by net realisable value?

....

....[1]

(f) To which final accounts are the totals on the following accounts transferred?

(i) Carriage inwards www.igcseaccounts.com

....

(ii) Carriage outwards

....

[2]

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

	Capital expenditure	Revenue expenditure
Purchase of motor van		
New tyres for motor van		
Painting business name on motor van		
Cost of oil for motor van engine		

[4]

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3

(h) For the year ended 31 August 2005, Sayed made a gross profit of $45 000 and had expenses of $30 000. The balance on his capital account at 31 August 2005 was $150 000.

What is Sayed's return on capital employed (R.O.C.E.) for the year?
Show your workings.

....

....

....[3]

(i) Insert the missing words in the following statement.

'Working capital is defined as...assets less

....liabilities' [2]

[Total: 16]

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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]

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(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.

.... www.igcseaccounts.com ....

.... [2]

(ii) Explain why this is a useful accounting ratio.

....

....

.... [2]

[Total: 19]

1 **(a)** Ahmed makes a sale on credit to Bahir. What is the name of the document Ahmed gives to Bahir showing the amount of the sale?

.... [1]

(b) Give **two** examples of a fixed asset.

(i) ....

(ii) .... [2]

(c) In which final account would motor expenses appear?

.... [1]

(d) State what is meant by a trade creditor.

....

.... [1]

(e) A payment from Peter is entered in Paul's account in error.
What type of error has been made?

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.... [1]

(f) State **two** methods of calculating depreciation.

(i) ....

(ii) .... [2]

(g) In which section of the Balance Sheet should a bank overdraft be shown?

.... [1]

(h) Kay's business had stock on 1 July 2005 valued at $6000 and on 30 June 2006 valued at $9000. Her cost of goods sold for the year was $45 000. What was her rate of stock turnover?

Show your workings.

....

....

.... [3]

(i) Insert the missing words in the following formula:

Gross profit percentage =
$$
\frac{\boxed{}}{\boxed{}} \times 100
$$

[2]

[Total: 14]

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1 **(a)** What is the name of the document sent to a customer by a supplier at the end of the month showing the amount payable for credit sales?

.... [1]

(b) Give **one** example of a prepaid expense.

.... [1]

(c) In which specialist area of the ledger would you find the machinery account?

.... [1]

(d) What is meant by a trial balance?

.... [1]

(e) In which final account would interest on drawings be shown?

.... [1]

(f) Give **two** examples of adjustments made in a bank reconciliation statement.

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 (i) ....

....

 (ii) ....

.... [2]

(g) State **one** type of error which does not affect the trial balance.

.... [1]

3

(h) In the following table, place a tick (√) under the most appropriate heading for each item.

	Capital expenditure	Revenue expenditure
Purchase of retail shop		
Replace broken glass in shop window		
Purchase of cash register for shop		
Advertising goods for sale in the shop		

[4]

(i) Cherry had sales of $80 000 in the month of October. She achieves a percentage of gross profit to sales of 40 %.

Her expenses were $20 000.

What is Cherry's percentage of net profit to sales for the month? Give your answer to **two** decimal places and show your workings.

....

....

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....

....

.... [4]

[Total: 16]

1 (a) Which accounting principle states that business transactions must be expressed in monetary terms?

.... [1]

(b) Give **two** examples of current assets.

(i) .... [1]

(ii) .... [1]

(c) Raju decides to start a business with cash of $2000. To which account in his ledger will this amount be credited?

.... [1]

(d) In which final account will purchases returns be shown?

.... [1]

(e) Name **two** errors which do not affect the trial balance.

(i) ....www.igcseaccounts.com..............................

....

(ii) ....

.... [2]

(f) Explain what is meant by a bad debt.

....

.... [1]

(g) In the following table, place a tick (√) under the most appropriate heading for each item.

	Capital expenditure	Revenue expenditure
Rent paid for use of workshop		
Purchase of machine for workshop		
Purchase of materials for use in machine		
Repairs to roof of workshop		

[4]

(h) On 30 June 2007 Monty had debtors of $4000, stock of $6200, bank balance of $1600 (Dr) and creditors of $3200.

What is his quick ratio? Show your workings and give your answer to **two** decimal places.

....

....

....

.... [4]

[Total: 16]

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1 **(a)** Give **two** reasons why it is important for a business to prepare final accounts or financial statements each year.

(i) ....

....

(ii) ....

.... [2]

(b) Give an example of:

(i) a current asset ....

(ii) a current liability .... [2]

(c) Which accounting principle is being applied when a provision for depreciation of a fixed asset is made?

.... [1]

(d) To which account will the unexplained difference on a trial balance be transferred?

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.... [1]

(e) In which section of the balance sheet will accrued expenses be shown?

....

.... [1]

(f) Explain what is meant by a bad debt.

....

....

.... [2]

(g) Marco maintains his petty cash on the imprest system. At the end of April he has vouchers for expenditure of $70 and a balance in hand of $30.

   (i) What is the amount of the imprest?

....

   (ii) How much will Marco draw from the bank to restore his imprest?

.... [2]

(h) (i) Define working capital.

....

....

   (ii) Explain why a business needs sufficient working capital.

....

....

.... [4]

www.igcseaccounts.com   **[Total: 15]**

1 **(a)** Give **two** examples of a book of prime (original) entry.

(i) ....

(ii) .... [2]

(b) In the table below, place a tick (√) under the correct heading to show whether each item is an asset or a liability.

		Asset	Liability
(i)	Motor car		
(ii)	Accrued expenses payable		
(iii)	Debtors		

[3]

(c) What accounting principle states that a business will continue indefinitely?

.... [1]

(d) Annie makes a sale on credit to Bill. State the names of the accounts in Annie's ledger which will be:

(i) credited

....

(ii) debited

.... [2]

(e) In which final account will sales returns be shown?

.... [1]

(f) In Mohamed's books, cash sales have been credited to the cash account and debited to the sales account in error. What type of error has been made?

.... [1]

(g) What is the name of the account showing the division of the net profit of a partnership between the partners?

.... [1]

(h) Rosco's balance sheet at 30 September 2008 includes debtors of $49 000, stock of $24 000, cash of $3500 and creditors of $21 000.
Calculate the following. Show **all** workings.

  (i) Current ratio

  ....

  ....

  ....

  (ii) Quick ratio

  ....www.igcseaccounts.com...............................

  ....

  .... [6]

[Total: 17]

1 (a) Name the accounting principle which states that sales are recognised when the ownership of goods sold and legal liability to pay passes to the customer.

.... [1]

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

		Asset	Liability
(i)	Prepaid expense		
(ii)	Bank overdraft		
(iii)	Provision for depreciation		

[3]

(c) In a bank reconciliation statement, explain what is meant by an unpresented cheque.

....

.... [2]

(d) In the balance sheet, stock is valued at the **lower** of cost and

.... [1]

(e) In which final account will sales returns be shown?

.... [1]

(f) Working capital is calculated as follows:

.... less ....

.... [2]

(g) (i) Give **one** example of an item of capital expenditure.

.... [1]

(ii) Give **one** example of an item of revenue expenditure.

.... [1]

(h) Amhari's business has sales for the year of $75 000, and her cost of goods sold was $52 500.

Calculate her percentage of gross profit to sales.

....

....

....

....

.... [3]

[Total: 15]

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2 **(a)** Give **two** examples of non-current (fixed) assets.

....

.... [2]

(b) In the table below, place a tick (✓) under the correct heading to show how the monthly total in the sales returns journal should be posted in the nominal (general) ledger.

	Debit entry	Credit entry
Sales returns account		

[1]

(c) Which accounting principle states that the same accounting treatment should be applied to similar items at all times?

.... [1]

(d) In the balance sheet, non-current (fixed) assets are shown at their net book value. Explain how net book value is different from cost.

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.... [2]

(e) In which final account will carriage inwards be shown?

.... [1]

(f) State which accounting principle is being followed when an accrued expense is included in the income statement (profit and loss account).

.... [1]

(g) Tamari's business had sales for the year ended 31 March of $75 000, and her cost of goods sold was $52 500. She had expenses of $7500.

Calculate the following. Show your workings. Give your answer to **two** decimal places.

(i) Tamari's percentage of gross profit to sales.

....

....

....

.... [4]

(ii) Tamari's percentage of net profit to sales.

....

....

....

.... [4]

(h) Hooper Limited has an issued share capital of $5000 divided into shares of $0.50 each. The company declares a dividend of $0.15 per share.

What will be the total amount of the dividend paid to the shareholders?

....

....

....

.... [4]

[Total: 20]

2 **(a)** Give **two** ratios used to measure the profitability of a business.

(i) ....

....

(ii) ....

.... [2]

(b) In the table below, place a tick (✓) under the correct heading to show whether the item is a current asset or a current liability:

	Current asset	Current liability
Inventory (stock)		
Trade payables (creditors)		
Other receivables (prepayments)		

[3]

(c) In the table below, place a tick (✓) to show where an entry for a dishonoured cheque would be made in the cash book. www.igcseaccounts.com

	Bank column	Cash column
Debit side		
Credit side		

[1]

(d) Name the final account in which discount allowed should be shown.

....

.... [1]

(e) Imran buys a new machine but the cost is entered in the repairs account. Name the type of error which has been made.

.... [1]

[Turn over

(f) State which accounting principle is being followed when a business makes a provision for a doubtful debt.

.... [1]

(g) Whangi's business had credit purchases for the year ended 31 March 2010 of $45 500, and carriage inwards of $2500.

His inventory (stock) at 1 April 2009 was $4000 and at 31 March 2010 was $5600.

His trade payables (creditors) at 31 March 2010 were $3750.

(i) Calculate his rate of inventory (stock) turnover. Give your answer to **two** decimal places. Show **all** your workings.

....

....

....

....

....

.... [4]

(ii) Calculate his payment period for trade payables (creditors) in days. Give your answer to the nearest **whole** day. Show **all** your workings.

....

....

....

.... [4]

(h) Hooper's financial year ended on 31 March 2010. He paid wages for the year of $32 800.

He had wages outstanding as follows:

	$
at 1 April 2009	300
at 31 March 2010	450

Write up the wages account in his ledger for the year ended 31 March 2010. Show the amount transferred to the income statement (profit and loss account).

Hooper
Wages account

....

....

....

....

....

.... [5]

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[Total: 22]

2 **(a)** Give **two** ratios used to measure the profitability of a business.

(i) ....

....

(ii) ....

.... [2]

(b) In the table below, place a tick (✓) under the correct heading to show whether the item is a current asset or a current liability:

	Current asset	Current liability
Inventory (stock)		
Trade payables (creditors)		
Other receivables (prepayments)		

[3]

(c) In the table below, place a tick (✓) to show where an entry for a dishonoured cheque would be made in the cash book.

	Bank column	Cash column
Debit side		
Credit side		

[1]

(d) Name the final account in which discount allowed should be shown.

....

.... [1]

(e) Imran buys a new machine but the cost is entered in the repairs account. Name the type of error which has been made.

.... [1]

(f) State which accounting principle is being followed when a business makes a provision for a doubtful debt.

.... [1]

(g) Whangi's business had credit purchases for the year ended 31 March 2010 of $45 500, and carriage inwards of $2500.

His inventory (stock) at 1 April 2009 was $4000 and at 31 March 2010 was $5600.

His trade payables (creditors) at 31 March 2010 were $3750.

(i) Calculate his rate of inventory (stock) turnover. Give your answer to **two** decimal places. Show **all** your workings.

....

....

....

....

....

.... [4]

(ii) Calculate his payment period for trade payables (creditors) in days. Give your answer to the nearest **whole** day. Show **all** your workings.

....

....

....

.... [4]

(h) Hooper's financial year ended on 31 March 2010. He paid wages for the year of $32 800.

He had wages outstanding as follows:

	$
at 1 April 2009	300
at 31 March 2010	450

Write up the wages account in his ledger for the year ended 31 March 2010. Show the amount transferred to the income statement (profit and loss account).

Hooper
Wages account

....

....

....

....

....

.... [5]

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[Total: 22]

For Examiner's Use

2 (a) Name **two** business documents used to make entries in the accounting records of a business.

  (i) ....

  (ii) .... [2]

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

	Income	Expense
Bad debt recovered		
Interest charged to customers on overdue accounts		
Discount allowed		

[3]

(c) The total of the purchases journal is posted to the purchases account in the ledger. In the table below, place a tick (✓) to show whether this entry is a debit or a credit.

Debit	Credit

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[1]

(d) Which accounting policy requires information to represent actual events and to be free from error and bias?

.... [1]

(e) A cheque from Hipham was credited to Bipham's account in the sales ledger. What type of error has been made?

.... [1]

(f) Explain what is meant by a shareholder of a company having limited liability.

....

....

.... [2]

(g) Sasha has a shop which sells fashion clothing.

She bought 50 dresses for $13.00 each and paid total carriage inwards of $50.00.
She sold 30 dresses for $20.00 each.
The price at which she can sell the dresses has now fallen to $13.50 each.

At what amount will Sasha value the remaining dresses in her balance sheet?

....

....

.... [3]

(h) Tamara keeps her petty cash on the imprest system with an imprest of $150. She paid expenses in the month of October of $80.50.

(i) What was the amount of petty cash remaining at 31 October?

....

(ii) How much cash was transferred to restore the imprest at 1 November?

.... [4]

(i) Kishu's business had inventory (stock) on 1 July 2009 of $6000 and on 30 June 2010 of $9000. His cost of goods sold for the year ended 30 June 2010 was $45 000.

Calculate his rate of inventory (stock) turnover. Show **all** your workings.

....

.... [4]

[Total: 21]

2 (a) Name **two** business documents used to make entries in the accounting records of a business.

(i) ....

(ii) .... [2]

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

	Income	Expense
Bad debt recovered		
Interest charged to customers on overdue accounts		
Discount allowed		

[3]

(c) The total of the purchases journal is posted to the purchases account in the ledger. In the table below, place a tick (✓) to show whether this entry is a debit or a credit.

Debit	Credit

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[1]

(d) Which accounting policy requires information to represent actual events and to be free from error and bias?

.... [1]

(e) A cheque from Hipham was credited to Bipham's account in the sales ledger. What type of error has been made?

.... [1]

(f) Explain what is meant by a shareholder of a company having limited liability.

....

....

.... [2]

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(g) Sasha has a shop which sells fashion clothing.

She bought 50 dresses for $13.00 each and paid total carriage inwards of $50.00.
She sold 30 dresses for $20.00 each.
The price at which she can sell the dresses has now fallen to $13.50 each.

At what amount will Sasha value the remaining dresses in her balance sheet?

....

....

.... [3]

(h) Tamara keeps her petty cash on the imprest system with an imprest of $150. She paid expenses in the month of October of $80.50.

(i) What was the amount of petty cash remaining at 31 October?

....

(ii) How much cash was transferred to restore the imprest at 1 November?

.... [4]

(i) Kishu's business had inventory (stock) on 1 July 2009 of $6000 and on 30 June 2010 of $9000. His cost of goods sold for the year ended 30 June 2010 was $45 000.

Calculate his rate of inventory (stock) turnover. Show **all** your workings.

....

.... [4]

[Total: 21]

(g) On 1 July 2010 Helia paid a premium of $600 for a new insurance policy for 12 months to 30 June 2011.

Calculate the amount for insurance in her income statement (profit and loss account) for the financial year ended 30 September 2010.

Show your workings.

....

....

.... [3]

(h) Beja's balance sheet at 31 July 2010 included the following:

	$
non-current (fixed) assets	30 000
inventory (stock)	15 000
trade receivables (debtors)	14 500
balance at bank	16 000 Dr
trade payables (creditors)	18 200

Calculate Beja's working capital at 31 July 2010.

Show your workings.

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....

....

.... [4]

(i) Khanu's financial statements showed the following:

	$
cash sales	46 500
credit sales	126 000
cash received from trade debtors	122 800
trade receivables (debtors)	13 800

Calculate his collection period for trade receivables (debtors) to the nearest whole day.

Show your workings.

....

....

....

....

....

.... [4]

[Total: 21]

2 **(a)** Name **two** books of prime (original) entry.

(i) ....

(ii) .... [2]

(b) State the purpose of preparing an income statement.

....

.... [1]

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

	Income	Expense
Carriage outwards		
Bad debt recovered		
Discount received		

[3]

(d) Explain what is meant by the imprest system of petty cash.

....

....

.... [2]

(e) **(i)** Name the accounting principle which requires that the same accounting treatment should be applied to similar items at all times.

.... [1]

(ii) Name the accounting policy which states that accounting information should represent actual events and be free from error and bias.

.... [1]

(f) Complete the following statement: working capital is defined as

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

(g) Bailee's trial balance at 31 March 2011 included the following items:

	$
Trade payables	1800
Trade receivables	1300
Bank (Dr)	3500
Drawings	4700
Inventory	2900
Provision for depreciation	3300

(i) Calculate Bailee's working capital. Show your workings.

....

....

.... [3]

(ii) Calculate Bailee's quick ratio. Show your workings and give your answer to **two** decimal places.

....

....

....

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.... [3]

(h) Name **two** types of shares which may be issued by a limited company.

(i) ....

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[Total: 20]

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[Total: 20]

2 (a) Sheva returned faulty goods to her supplier, Limpo Limited. Name the business document which Limpo Limited issued to Sheva:

(i) when the goods were supplied

.... [1]

(ii) when the goods were returned.

.... [1]

(b) Give **two** examples of accounts in the nominal (general) ledger which would be entered in the trading account section of the income statement.

1 ....

2 .... [2]

(c) Naomi bought goods on credit from Ruth for $560. Ruth offers 2½% discount for payment within ten days. Naomi paid her account within this period.

Calculate the amount of the discount which Naomi received.

....

....

.... [1]

(d) Janni has been told that he must use the same method of providing depreciation from one year to the next. Name the accounting principle which is being applied.

.... [1]

(e) Lynch bought goods, $100, on credit, but he recorded this as $1000.

Name the type of error which has been made.

.... [1]

(f) Mubara keeps his petty cash book on the imprest system with an imprest amount of $120. At 31 October there were vouchers for petty cash expenditure totalling $74.50 in the petty cash box. He had not claimed for a train fare of $17.50.

State the amount which will remain in the petty cash box after he has claimed his train fare.

.... [1]

(g) (i) Explain what is meant by a bad debt.

....

....

.... [2]

(ii) Explain what is meant by a provision for doubtful debts.

....

....

.... [2]

(iii) Mary maintains a provision for doubtful debts at 3% of her trade receivables. On 1 September 2011 Mary's provision for doubtful debts was $1350. On 31 August 2012 Mary's trade receivables amounted to $48 000.

How much would be charged in Mary's income statement for the year ended 31 August 2012?

....

....

.... [2]

(h) Pringle Limited has an issued share capital of $40 000 divided into ordinary shares of $0.50 each. The company declared a dividend of $0.30 per share. What was the total amount of the dividend paid to shareholders?

....

....

.... [2]

[Total: 16]

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