

Centre Number	Candidate Number	Name
---------------	------------------	------

CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

**PRINCIPLES OF ACCOUNTS**

**7110/02**

Paper 2

May/June 2003

**1 hour 45 minutes**

Candidates answer on the Question Paper.  
Additional Materials:  
Multi-column Accounting Paper

**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 in the spaces provided on the Question Paper.  
You may use a soft pencil for rough working.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.

Question 5 should be answered on pages 11 and 12 or multi-column accounting paper. If you use multi-column accounting paper, attach your answer to Question 5 to this booklet.

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.

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.

**For Examiner's Use**

1

2

3

4

5

**Total**

If you have been given a label, look at the details. If any details are incorrect or missing, please fill in your correct details in the space given at the top of this page.

Stick your personal label here, if provided.

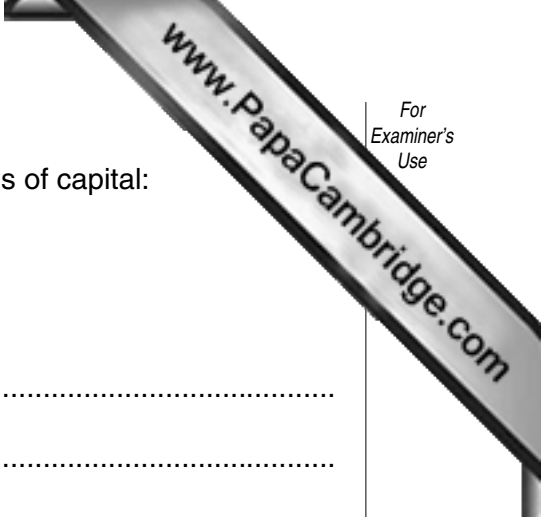












(b) Describe **three** features of **each** of the following different types of capital:

- 1. Preference shares
- 2. Debentures

.....

.....

.....

.....

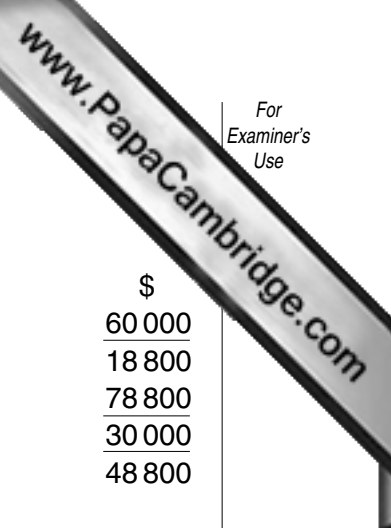
.....

.....

.....

.....

..... [6]



4

Summarised Balance Sheet of W. Chell at 31 December 2002

	\$		\$
Fixed Assets	37 400	Capital	60 000
Current Assets		Net Profit	18 800
Stock	29 000		78 800
Debtors	12 200	Drawings	30 000
Cash	<u>1 800</u>		48 800
	43 000	Long Term Loan	5 000
		Current Liabilities	
		Trade Creditors	25 000
		Accrued Expenses	1 600
			26 600
	<u>80 400</u>		<u>80 400</u>

**REQUIRED**

(a) Calculate as at 31 December 2002:

(i) the Working Capital

.....

.....

..... [3]

(ii) the owner's capital

.....

..... [1]

(iii) the Capital Employed

.....

.....

..... [3]





- 5 A. Tree was in business as an import merchant and the following balances were extracted from his books on 31 December 2002:

	\$
Purchases	124 000
Sales	236 000
Wages	32 800
Motor Expenses	10 700
Sundry Expenses	600
Air Freight Charges on Purchases	20 200
Rent and Rates paid	11 200
Interest on loan from Sure	900
Loan from Sure at 1 January 2002	10 000
Creditors	10 280
Debtors	25 200
Stock at 1 January 2002	14 240
Fittings and Equipment	9 800
Motor Vehicles	44 000
Cash at Bank	4 360
Capital	61 720
Drawings	20 000

Additional information:

1. Stock at 31 December 2002 was valued at \$17 920.
2. Motor vehicles are to be depreciated by 20%.
3. Interest on the loan by Sure is at the rate of 12% per annum and has been paid to 30 September 2002.
4. A provision for doubtful debts of 5% of debtors is to be made.
5. One-quarter of the wages was for staff employed in re-packaging the goods for sale.
6. Rates amounting to \$800 had been paid in advance for the year 2003.

**REQUIRED:**

- (a) Prepare the Trading Account and the Profit and Loss Account for the year ended 31 December 2002. [19]
- (b) Prepare the Balance Sheet as at 31 December 2002. [15]

A series of horizontal dotted lines for writing, spanning the width of the page.

A series of horizontal dotted lines for writing, spanning the width of the page.