

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.

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.

Question 5 should be answered on pages 15 and 16 or on multi-column accounting paper. If you use multicolumn accounting paper, attach your answer to Question 5 to this booklet. 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 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. 2 3 4 5 Total

This document consists of 12 printed pages, 2 lined pages and 2 blank pages.



[Turn over

- 2
- www.papacambridge.com 1 Sam Stryder received the following documents in the week ended 30 April 2007:
 - 1 An invoice from Better Advertising for \$600.
 - 2 A credit note from Rossi Rewards for \$20.
 - 3 A cheque from Sanji Anwar, a customer, for \$150.

REQUIRED

- (a) State the purpose of the three documents in 1 to 3 above. Name the book of prime entry in which Sam Stryder will enter each document.
 - (i) Invoice Purpose Book of prime entry [2] (ii) Credit note Purpose Book of prime entry [2] (iii) Cheque Purpose Book of prime entry [2]

The following information was obtained from the books of Sam Stryder.

1 April 2007	Debtors' balance Creditors' balance	\$ 7 190 4 120
30 April 2007	Credit sales for month Credit purchases for month Cash sales for month Cash purchases for month Sales returns for month Purchase returns for month Cheques received from debtors Cheques paid to creditors Discounts allowed Discounts received Balance in sales ledger set off against balance in purchases ledger Interest charged to customers on overdue accounts Interest charged by supplier on overdue account	46 300 29 900 14 360 9 750 1 070 940 38 900 28 100 1 060 760 90 20 10
	overque account	

REQUIRED

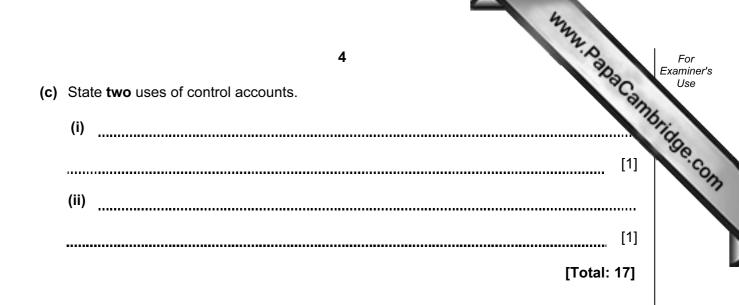
(b) Select the appropriate items and prepare the purchases ledger control account for the month of April.

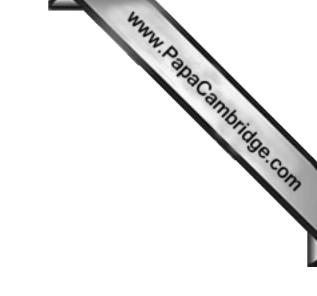
Sam Stryder Purchases ledger control account

 	 [9]

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Question 2 is on the following page.

www.papaCambridge.com Carson's debtors owed \$47 900 on 29 April 2007. The debtors included the following 2

Balance
\$
72
148
880

- Igbal paid Carson \$72 in cash on 30 April. 1
- 2 Carson was told that Johnston had left the country and decided to write off the outstanding balance as a bad debt.
- On 30 April Carson was informed that Turner was bankrupt. A cheque for \$240 was 3 received in full and final settlement. Carson wrote off the remaining balance as a bad debt.
- 4 Carson decided to create a provision for doubtful debts at 2% of the remaining debtors at 30 April 2007.

No other transactions occurred on 30 April 2007.

REQUIRED

(a) Prepare the journal entries to record the bad debt write-offs and creation of the provision for doubtful debts. Narratives are not required.

Dr. \$	Cr. \$
 l	[7]

Carson Journal

	42	
	7	Evo
(b)	7 Make entries in the following sales ledger accounts to record the transformed to record to recor	Exa
	Iqbal account	19
	29 April Balance b/d 72	
	[1]	
	Johnston account	
	29 April Balance b/d 148	
	[1]	
	Turner account	
	29 April Balance b/d 880	
(c)	Show the entries which would appear in the final accounts of Carson for bad debts and provision for doubtful debts.	
	Profit and Loss Account for the year ended 30 April 2007	
	[2]	
	Balance Sheet at 30 April 2007	
	Dalance Sheet at 30 April 2007	
	[2]	
(d)	Name one accounting principle which is applied in final accounts when making a provision for doubtful debts.	
	[1]	
	[Total: 16]	
	[Total: 16]	

Balance Sheet at 30 April 2007

		8		marised b Sparrow
Falcon, a succes sheets at 30 April		agreed to take over Sp follows:	arrow. Their sum	marised by Canny Use
	Bala	nce Sheet at 30 April 200	07	Mage.
	Falcon \$	Sparrow \$	Falcon \$	Sparrow \$
Fixed assets	75 000	12 000 Capital	100 000	15 000
Stock	14 500	2 500 Creditors	19 000	1 500
Debtors	9 500	1 500		
Bank	20 000	500		
	<u>119 000</u>	<u>16 500</u>	<u>119 000</u>	<u>16 500</u>

It was agreed that Falcon would pay \$18 000 from the business bank account to take over all the assets and liabilities of Sparrow. The assets of Sparrow would be revalued as follows:

	\$
Fixed assets	12 500
Stock	2 400
Debtors	1 300

REQUIRED

(a) Calculate the goodwill paid by Falcon on the takeover of Sparrow.

 [5]

(b) Prepare the balance sheet of Falcon after the takeover of Spare

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Prepare the balance sheet of Falcon after the takeover of Sparrow.	Use
9 Prepare the balance sheet of Falcon after the takeover of Sparrow. Falcon Balance Sheet at 30 April 2007	hage con
	117
[7] [Total: 12]	
	1

www.papacambridge.com 4 The trial balance of Tom Martin, after preparation of the trading account, was as follow

Tom Martin Trial Balance at 30 April 2007

	Dr \$	Cr \$
Gross profit	·	110 400
Sundry expenses	84 640	
Stock at 30 April 2007	14 700	
Debtors	26 500	
Bank	11 100	
Fixed assets	90 000	
Drawings	16 600	
Provision for doubtful debts		1 900
Creditors		28 200
Capital		<u>103 040</u>
	<u>243 540</u>	<u>243 540</u>

Tom Martin's cost of sales for the year ended 30 April 2007 was \$257 600.

REQUIRED

(a) Calculate the following for Tom Martin. Show your workings in the box provided.

		Workings	%
(i)	Gross profit/sales		
(ii)	Net profit/sales		
(iii)	Net profit/capital at start of year		

[9]

	12	
	11	For
(b)	11 Explain the importance of the following ratios to Tom Martin. Illustrate your explain the reference to your calculations in (a) above. (i) Gross profit/sales	Use
	(i) Gross profit/sales	idge.
	[3]	
	(ii) Net profit/sales	
	(iii) Net prefit/conited at start of year	
	(iii) Net profit/capital at start of year	
	[2]	
		1

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(c)	12 Calculate Tom Martin's working capital at 30 April 2007.	Use
		SBE.COM
	[4]	
	[Total: 20]	



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Question 5 is on the following page.

Answer Question 5 in this booklet or on separate sheets of paper.

www.papaCambridge.com Marie Delaney is a trader. The following balances were extracted from her books 5 30 April 2007.

	\$
Purchases	106 300
Carriage on purchases	2 450
Sales	197 600
Wages and salaries	33 600
Motor expenses	14 700
Rent and rates paid	22 620
Bank interest and charges	310
Interest paid on loan from Keiley	375
Discounts received	680
Sundry expenses	9 600
Loan from Keiley at 1 May 2006	10 000
Debtors	16 550
Creditors	7 975
Stock at 1 May 2006	8 620
Fixtures and equipment at cost	8 440
Motor vehicles at cost	12 400
Provision for depreciation of motor vehicles	4 960
Bank overdraft	8 450
Capital	21 475
Drawings	15 175

Additional information:

- 1 Stock at 30 April 2007 was valued at \$9920.
- 2 At 30 April 2007:
 - (i) Wages and salaries, \$3280, were accrued.
 - (ii) Rent, \$1620, was prepaid.
- Depreciation is to be charged on fixtures and equipment at 25%. 3
- Motor vehicles are to be depreciated using the diminishing (reducing) balance method 4 at 40 % per annum.
- Marie Delaney pays back the loan at the rate of \$2000 per annum on 1 May each year. 5 The balance of Marie Delaney's loan account at 30 April 2006 was \$12 000 and the amount in the list of balances above includes the repayment for 1 May 2006.

Interest is paid quarterly at the rate of 5 % per annum on the outstanding balance at 1 May each year, after the annual repayment has been made.

REQUIRED

- (a) Prepare the trading and profit and loss accounts for the year ended 30 April 2007. [21]
- (b) Prepare the balance sheet at 30 April 2007.

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[Total: 35]

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