

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Secondary Education  
June 2005



**ACCOUNTING**  
**Higher Tier**  
**Paper 2**

**3122/2H**

**H**

Monday 27 June 2005 1.30 pm to 3.30 pm

<p><b>No additional materials are required.</b> You may use a calculator.</p>
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For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Time allowed: 2 hours

**Instructions**

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- Do all rough work in the answer book. Cross through any work you do not want marked.

**Information**

- The maximum mark for this paper is 126. In addition to the mark allocations indicated within the paper, you will be awarded up to 6 marks for your ability to organise and present information, ideas, descriptions and arguments clearly and logically. Account will be taken of your use of grammar, punctuation and spelling.
- Mark allocations are shown in brackets.

**Advice**

- In all calculations, show clearly how you work out your answer.

Answer **all** questions in the spaces provided.

1

**Total for this question: 29 marks**

Ronika Begum owns a wholesale business. The following is an extract from her records of goods supplied to, and returns from, customers.

**Sales book**

Date		Invoice No	Goods		VAT		Total	
			£	p	£	p	£	p
2	XTC Ltd	1008	200	00	35	00	235	00
16	ELO plc	1018	240	00	42	00	282	00
28	XTC Ltd	1030	150	00	26	25	176	25
30	Total		590	00	103	25	693	25

**Sales returns book**

Date		Credit Note No	Goods		VAT		Total	
			£	p	£	p	£	p
6	XTC Ltd	C38	20	00	3	50	23	50
23	ELO plc	C42	60	00	10	50	70	50
30	Total		80	00	14	00	94	00

- (a) Complete and balance the account of customer XTC Ltd on 30 April 2005, bringing the balance down on 1 May 2005.

**XTC Ltd account**

Dr				Cr			
Date		£	p	Date		£	p
April 1	Balance b/d	300	00	April			

(5 marks)

(b) Ronika has sent an invoice to XTC Ltd. Explain the purpose of this document.

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*(3 marks)*

(c) Ronika has sent a credit note to XTC Ltd. Explain the purpose of this document.

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*(3 marks)*

(d) Ronika will send another business document to XTC Ltd on 30 April 2005. Identify what document this will be and explain the purpose of the document.

Document .....

Purpose .....

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*(4 marks)*

**Turn over** ►

- (e) Ronika keeps her Petty Cash Book using the imprest system, the imprest being £50. For the month of April 2005, her petty cash transactions were as follows:

		£
April 4	Paid cleaner	10.00
7	Bought petrol	5.00
13	Bought cleaning materials	6.25
21	Bought stamps	4.20
23	Paid bus fare	1.25
24	Received cash personal telephone call	1.00
29	Bought envelopes	5.60

Enter these transactions into her petty cash book and balance it at the 30 April 2005. Bring the balance down on 1 May 2005 and restore the imprest at that date.

Ignore VAT.



2

**Total for this question: 31 marks**

David Stokoe has drawn up the following trial balance at 31 March 2005. It contains a number of errors.

**Trial Balance at 31 March 2005**

	<b>Dr</b>	<b>Cr</b>
	<b>£</b>	<b>£</b>
Sales	450 000	
Purchases		290 000
Capital		94 300
Drawings	43 000	
Carriage inwards	4 000	
Carriage outwards	3 000	
Discounts received	1 500	
Discounts allowed		2 300
Office equipment at cost		24 000
Fixtures and fittings at cost		13 000
Provision for depreciation office equipment	4 800	
Provision for depreciation fixtures and fittings		2 600
Premises		80 000
Debtors		50 000
Returns inwards		2 000
Returns outwards	1 000	
Insurance	8 000	
Stock as at 1 April 2004	30 000	
Stock as at 31 March 2005		26 000
Heat and lighting	6 000	
Wages and salaries		35 000
Creditors	40 000	
Bank (overdraft)	12 000	
Cash	1 900	
Sundry expenses	14 000	
	<u>619 200</u>	<u>619 200</u>



(b) State and explain **two** types of error that will not be identified by the preparation of a trial balance.

Error 1 .....

Explanation .....

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*(3 marks)*

Error 2 .....

Explanation .....

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*(3 marks)*



**TURN OVER FOR THE NEXT QUESTION**

**Turn over ►**

3

**Total for this question: 25 marks**

The following list of balances appeared in the books of Priyesh Mistry at 31 March 2005.

	£
Carriage inwards	5 600
Carriage outwards	6 000
Debtors	40 000
Discounts allowed	2 200
Discounts received	3 700
Heating and lighting	9 000
Insurance	6 000
Motor expenses	13 000
Motor vehicles at cost	60 000
Office equipment at cost	16 000
Purchases	380 000
Purchase returns	12 000
Rent received	4 800
Sales returns	15 000
Sales	600 000
Stock at 1 April 2004	45 000
Stock at 31 March 2005	50 000
Sundry expenses	4 400
Wages	23 000

The following additional information is available:

1. insurance of £500 has been paid in advance;
2. sundry expenses of £300 are owing;
3. depreciation is to be provided for on both motor vehicles and office equipment at 25% on cost;
4. a provision for doubtful debts of 5% of debtors is to be created.





5

**Total for this question: 25 marks**

The following information is available for ELP plc at 31 March 2005. All sales and purchases are on credit and all invoices should be paid within 30 days.

	£
Sales	500 000
Stock 1 April 2004	42 000
Stock 31 March 2005	38 000
Purchases	375 000
Cost of sales	379 000
Gross profit	121 000
Net profit	60 000
Capital employed	600 000
Cash at bank	2 000
Debtors	30 000
Creditors	40 000

(a) Using the above information, calculate:

(i) the current ratio;

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*(2 marks)*

(ii) the acid test ratio;

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*(3 marks)*

**QUESTION 5 CONTINUES ON THE NEXT PAGE**

**Turn over** ►

(iii) the percentage of gross profit to sales ratio;

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*(2 marks)*

(iv) the percentage of net profit to sales ratio;

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*(2 marks)*

(v) the net profit to capital employed ratio;

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*(2 marks)*

(vi) the rate of stock turnover;

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*(2 marks)*

(vii) the debtor collection period;

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*(2 marks)*

(viii) the creditor payment period.

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*(2 marks)*

**QUESTION 5 CONTINUES ON THE NEXT PAGE**

**Turn over ►**

