

Candidate Name _____

Centre Number	Candidate Number

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE
General Certificate of Education Ordinary Level
PRINCIPLES OF ACCOUNTS
PAPER 2
OCTOBER/NOVEMBER SESSION 2001

7110/2

1 hour 45 minutes

Additional materials:
Answer paper
Multi-column accounting paper

TIME 1 hour 45 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

Question **4** should be answered on separate answer paper or multi-column accounting paper. Attach your answer to Question **4** to this booklet.

Workings may be done on the blank pages (pages 5 and 9).

INFORMATION FOR CANDIDATES

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	
TOTAL	

This question paper consists of 12 printed pages.

- 1 (a) Zena owns a small manufacturing business. The following balances were taken from her books on 30 June 2001:

	\$
Stocks 1 July 2000	
Raw materials	23 300
Finished goods	28 500
Stocks 30 June 2001	
Raw materials	25 700
Finished goods	21 500
Purchases of raw materials	265 500
Carriage on sales	3 300
Carriage on raw materials	3 100
Selling expenses	3 500
Bad debts	500
Factory overheads	30 300
Depreciation of factory equipment	14 000
Factory direct expenses	4 000
Factory wages	100 000

Select the appropriate balances and prepare the Manufacturing account for the year ended 30 June 2001. Show clearly within the account:

- (i) cost of raw materials consumed,
- (ii) prime cost,
- (iii) cost of production.

Not all the balances given are entered in Manufacturing accounts.

[14]

You may use this page for workings.

.....

.....

.....

.....[12]

You may use this page for workings.

Purchases Ledger Control Account

.....
.....
.....
.....
.....
.....
.....
.....
.....

[13]

(b) Explain **two** reasons for keeping Control accounts.

.....
.....
.....
.....

[4]

4 This question is to be answered on the separate answer paper.

Hood is a trader. The following balances were extracted from his books on 31 December 2000.

	Dr. \$	Cr. \$
Capital		59 700
Drawings	18 000	
Purchases and Sales	72 000	130 000
Returns outwards		1 900
Staff salaries	11 200	
Rent and insurance	6 000	
General expenses	4 600	
Cash at bank	8 000	
Debtors and creditors	20 800	8 800
Provision for bad debts - 1 January 2000		1 600
Stock, 1 January 2000	21 400	
Motor vehicles, at cost	56 000	
Provision for depreciation on motor vehicles - 1 January 2000		16 000
	218 000	218 000

Additional information:

1. Stock at 31 December 2000 was valued at \$22 600.
2. Insurance \$600 has been paid for the twelve months to 30 April 2001.
3. General expenses totalling \$400 were owing at 31 December 2000.
4. The provision for doubtful debts to be carried forward to 2001 is to be \$2000.
5. Motor vehicles are to be depreciated at 20% per annum on cost.
6. The bank statement was received on 31 December 2000. It included an entry of \$300 for bank charges. This item has not yet been entered in Hood's books.

- (a) Prepare the Trading and Profit and Loss Accounts for the year ended 31 December 2000. [17]
- (b) Prepare the Balance Sheet as at 31 December 2000. [18]