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7110/02

May/June 2009

2 hours

Candidates answer on the Question 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.

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.

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.

For Examiner's Use	
1	
2	
3	
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5	
Total	

This document consists of **13** printed pages, **6** lined pages and **1** blank page.

- 1 Sanjev is a retailer of furniture. Some of his business transactions, which occurred during the month of April 2009, are listed below:

- (i) Paid wages, \$150, by cheque.
- (ii) Sold on credit to D Sallis for \$1650, goods which had cost \$950.
- (iii) Returned surplus furniture, \$325, to Evans & Co.
- (iv) Received cheque from a trade debtor, G Black, who settled her account of \$1500 in full less 3 % cash discount.
- (v) Closed the disposal of motor vehicle account. The vehicle had a net book value of \$1400 when it was sold for \$2000.

REQUIRED

- (a) Complete the table below. The first item has been completed as an example.

Item	Book of original entry	Account to be debited and amount	Account to be credited and amount	Effect on net profit
(i)	Cash Book	Wages \$150	Bank \$150	-\$150
(ii)				
(iii)				
(iv)				
(v)				

[17]

(b) Explain the purpose of the following documents.

(i) Invoice

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(ii) Credit note

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..... [4]

[Total: 21]

For
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Use

- 2 Miranda prepared her draft final accounts for the year ended 30 April 2009 and calculated a net profit for the year of \$14 670. After the preparation of the draft final accounts the following errors were discovered, which had not been revealed by the trial balance.

- (i) Goods, \$2000, purchased on credit from A Morston had not been entered in the accounting records.
- (ii) Goods, \$650, sold on credit to T Cley had been correctly entered in the sales account but had been entered into the account of C Tilley.
- (iii) A motor vehicle expense, \$500, for the year had been posted to the motor vehicles account.
- (iv) A discount received from L Staithe of \$190 had been entered in the discount allowed column in the cash book and credited to the account of L Staithe.

REQUIRED

- (a) Name the type of error in (i) to (iv) above.

- (i)
- (ii)
- (iii)
- (iv) [4]

Dr	Cr
\$	\$

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[Total: 18]

- 3 The Ranford Sports Club keeps a full set of double entry accounts and prepares monthly accounts. The summarised receipts and payments account for the month of April 2009 was as follows.

Receipts and Payments Account			
	\$		\$
Balance b/d	1 680	Payments for café purchases	4 320
Café takings	9 850	General expenses	1 890
Donations	50	Repairs to café fixtures	165
Subscriptions	<u>530</u>	Balance c/d	<u>5 735</u>
	<u>12 110</u>		<u>12 110</u>

Additional information

- 1 Other balances

	1 April	30 April
	\$	\$
Café stock	1700	1230
Creditors for café purchases	1830	1470
Café fixtures	5450	5400

- 2 The café takings recorded in the receipts and payments account do not include the income, \$770, for a birthday party held on 20 April 2009.
- 3 The wages for the café manager have **not** been paid for the month of April.

The café manager worked a total of 138 hours in the month of which

120 hours were paid at \$5 per hour
 12 hours were paid at time and a half
 6 hours were paid at double time.

A total of 40 % of gross pay was deducted for tax and social security contributions.

The Ranford Sports Club must also pay an additional \$65 to the tax authority.

On 5 May 2009 the Ranford Sports Club paid the total tax and social security contributions to the tax authority.

(a) Calculate the **net wages** to be paid to the café manager for the month of April 2009.

[5]

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|----|----|
| Dr | Cr |
| \$ | \$ |

[3]

[9]

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[4]

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Question 4 is on the next page.

- 4 The information below relates to the partnership of Bell and Hayward.

For
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	\$
Capital 1 May 2008	
Bell	40 000
Hayward	20 000
Current accounts 1 May 2008	
Bell	Nil
Hayward	1 500 Dr
Drawings for the year ended 30 April 2009	
Bell	6 000
Hayward	20 000

The partnership agreement includes the following terms:

- 1 Interest on capital is allowed at 6 % per annum.
- 2 Hayward receives a salary of \$12 000.
- 3 Interest on drawings is charged at 4 % per annum on total drawings for the year.
- 4 Profits and losses are shared equally.

Additional capital, \$10 000, was introduced by Bell on 1 August 2008.

Net profit for the year ended 30 April 2009 was \$20 500.

REQUIRED

- (a) State **two** differences between a partnership and a limited company.

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Bell and Hayward
Appropriation Account for the year ended 30 April 2009

[8]

- (c) Prepare the current account of Hayward for the year ended 30 April 2009. Bring down the balance on 1 May 2009.

For
Examiner's
Use

Hayward
Current account

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Bell and Hayward provided the following information.

	Year ended 30 April 2009
	\$
Opening stock	17 000
Closing stock	15 000
Purchases	238 000
Sales	300 000

REQUIRED

- (d) (i) Calculate the rate of stock turnover for the year ended 30 April 2009. Show your workings.

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..... [4]

- (ii) Calculate the gross profit to sales percentage. Show your workings.

For
Examiner's
Use

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The figures for the previous year ended 30 April 2008 were as follows:

Rate of stock turnover	9 times
Gross profit to sales percentage	30 %

REQUIRED

- (e) Suggest **two** possible reasons for the changes in the figures between 30 April 2008 and 30 April 2009.

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[Total: 28]

Answer Question 5 on the following pagesFor
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- 5 Sue Searle is in the import business. The following balances were extracted from her books on 31 March 2009.

	\$
Sales	95 800
Purchases	48 340
Returns outwards	960
Stock at 1 April 2008	10 780
Wages of motor vehicle driver	11 500
Motor vehicle running expenses	6 500
Motor vehicles at cost	20 000
Provision for depreciation of motor vehicle at 1 April 2008	15 000
Premises	60 000
Provision for depreciation of premises at 1 April 2008	12 000
Rent and insurance	7 700
Light and heat	4 950
General and marketing expenses	6 200
Discount received	5 300
Provision for doubtful debts	560
8 % Bank loan repayable 30 June 2011	30 000
Cash	270
Bank overdraft	1 680
Debtors	18 500
Creditors	9 750
Drawings	11 310
Capital at 1 April 2008	35 000

Additional information

- 1 Stock at 31 March 2009 was valued at \$12 600.
- 2 The motor vehicle is used to bring purchases to the business premises of Sue Searle and to deliver goods to customers. The motor vehicle is used 20 % of the time to collect purchases and 80 % to deliver goods to customers.
- 3 Depreciation is to be charged on the premises at the rate of 2 % per annum on cost using the straight line method and on the motor vehicle at 20 % per annum using the diminishing (reducing) balance method.
- 4 The loan interest is outstanding at 31 March 2009.
- 5 Insurance, \$450, was prepaid at 31 March 2009.
- 6 Electricity for lighting, \$130, was due at 31 March 2009.
- 7 The provision for doubtful debts is to be maintained at 2 % of debtors.

REQUIRED

- (a) Prepare the trading and profit and loss account for Sue Searle for the year ended 31 March 2009. [18]
- (b) Prepare the balance sheet of Sue Searle at 31 March 2009. [14]

[Total: 32]

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[illegible]

[The page contains faint horizontal lines indicating where answers can be written.]

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