

Centre Number	Candidate Number	Name
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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

ACCOUNTING

9706/02

Paper 2 Structured Questions

May/June 2005

1 hour 30 minutes

Candidates answer on the Question Paper.
No Additional Materials are required.

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.
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.

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.

For Examiner's Use

1	
2	
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Total	

This document consists of **9** printed pages and **3** blank pages.



- 2 After completion of the Trading, Profit and Loss and Appropriation Account for the year ended 31 May 2005, the following balances were extracted from the books of James Defirst Ltd.

	\$
Motor vehicles at cost	60 000
Equipment at cost	30 000
Goodwill	15 000
Stock	45 750
Debtors	78 000
Bank	13 125 (Dr)
General reserve	15 000
Creditors	30 075
Retained profit	?

Additional information:

- 1 Authorised share capital of the company is 100 000 ordinary shares of \$1 each, of which 75 000 were issued and fully paid at \$1.15 per share.
- 2 All fixed assets were bought on 1 June 2002, the date the company was incorporated. Depreciation is applied as follows.
 - (i) Motor vehicles – 40% reducing balance.
 - (ii) Equipment – 20% straight line, after taking into account a 10% residual balance.
- 3 A dividend of \$0.12 per share has been proposed for the year ended 31 May 2005.
- 4 A provision for doubtful debts of 5% of debtors at 31 May 2005 is to be created.
- 5 Stock costing \$2500 had been sent to a customer on a sale or return basis on 25 May 2005. It had been neither returned nor sold by the year end, and no entries regarding it had been made in the accounts.

(c) Explain the function of an Appropriation Account in:

(i) a Partnership

(ii) a Limited Company

(i) a Partnership

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(ii) a Limited Company

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[Total: 30]

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