

O-Level Accounting

Paper 2

Unsolved Topical

Past Papers With Marking Scheme
According to New Syllabus (2023-2025)

2020-2023

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PREFACE

Excellence in learning cannot be claimed without application of concepts in a dexterous way. In this regard one of the logical approach is to start in chunks; like chapter wise learning and applying the concept on exam based questions.

This booklet provides an opportunity to candidates to practice topic wise questions from previous years to the latest. Extensive working of Team MS Books has tried to take this booklet to perfection by collaborating with top of the line teachers.

We have added answer key / marks scheme at the end of each topic for the candidate to compare the his/her answer to the best.

MS Books strives to maintain actual spacing between consecutive questions and within options as per CAIE format which gives students a more realistic feel of attempting question.

Review, feedback and contribution in this booklet by various competent teachers of a subject belonging to renowned school chains make it most valuable resource and tool for both teachers and students.

With all belief in strength of this resource material I can confidently claim that it is worth in achieving brilliance.

Our sincere thanks and gratification to **Mr. Khurram Maqbool** who took out special time to help compile and manage this booklet. We would also like to appreciate Accounting faculty for reviewing and indorsing it.

REVIEWED & RECOMMENDED BY

Khurram Maqbool

LGS, SICAS

0321-9412044

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Books of Original Entries

Q1/02/SP/20

- 1 Shahid is a trader. He maintains a full set of accounting records including a three-column cash book.

On 1 August 2017 Shahid had the following balances in his cash book.

	\$
Cash	50
Bank overdraft	7150

Shahid's transactions for August 2017 included the following.

- August 9 A cheque received in July for \$362 from EN Supplies was dishonoured by the bank
- 18 Paid \$54 by cheque for fuel of private motor vehicle
- 24 Received a cheque from Mariam to settle her debt of \$520, less 2½% cash discount
- 27 Paid \$400 by cheque. This included \$365 for new office equipment and the balance was for repairs to existing office equipment.
- 30 Cash sales, \$3224
- 31 Paid all the remaining cash into the bank except \$100

REQUIRED

- (a) Complete Shahid's cash book on the page opposite.

Balance the cash book and bring down the balances on 1 September 2017.

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Shahid
Cash Book

	Date	Details	Discount allowed \$	Cash \$	Bank \$	Date	Details	Discount received \$	Cash \$	Bank \$

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[11]

The following incomplete statement of account was available on 31 August 2017.

STATEMENT OF ACCOUNT				
Shahid				
44 Narrow Lane, Anytown				
Mariam The Avenue Weston			31 August 2017	
Date	Reference	Debit \$	Credit \$	Balance \$
2017				
Aug 1	Balance due			520
9	Goods	340		860
13	Returns		24	?
24	Payment		507	?
	Discount		13	?

REQUIRED

(b) State the business document and the book of prime entry Shahid would use to record the following transactions which appear on the statement of account.

Transaction	Document	Book of prime entry
August 9 Goods
13 Returns

[4]

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- (c) Prepare the account of Shahid as it would appear in the ledger of Mariam.
 Balance the account and bring down the balance on 1 September 2017.

Mariam
 Shahid account

Date	Details	\$	Date	Details	\$
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.....
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.....
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.....
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.....
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[5]

[Total: 20]

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Q1/22/M/J/20

2 Bilal is a trader. He buys goods on credit and for cash. He sells goods on a cash basis only.

The following transactions took place in April 2020.

- April 4 Bought goods on credit from Milly, list price \$320, subject to a trade discount of 20%
- 5 Bought goods on credit from EHL Limited, \$500
- 6 Bought stationery, \$145, paying by cheque
- 8 Cash sales, \$280, were paid immediately into Bilal’s bank account
- 10 Paid \$128 cash to Milly
- 12 Cash sales, \$110
- 13 Bought goods on credit, \$250, from Todd who offers 4% cash discount for payments made within 14 days
- 17 Bought office equipment, \$500, paying by bank transfer
- 21 Paid by cheque for the goods purchased from Todd on 13 April after deducting the cash discount
- 24 Paid \$485 to EHL Limited by telephone transfer, having deducted 3% cash discount
- 28 Sold old office equipment for \$50 cash

REQUIRED

(a) Prepare the purchases journal for April 2020.

Total the journal and indicate the ledger account to which the total would be posted.

Bilal
Purchases journal

Date	Details	\$	\$
.....
.....
.....
.....
.....
.....

[4]

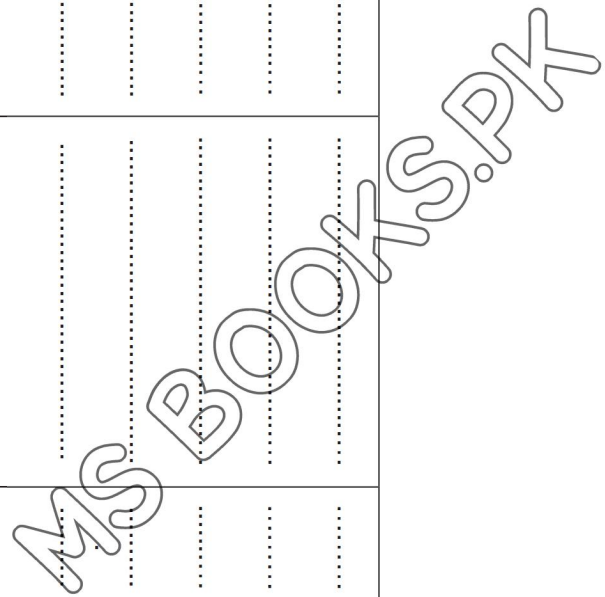
(b) Complete Bilal’s cash book on the page opposite.

Balance the cash book and bring down the balances on 1 May 2020.

Bilal
Cash Book

Date	Details	Discount allowed \$	Cash \$	Bank \$	Date	Details	Discount received \$	Cash \$	Bank \$
2020					2020				
April 1	Balance		160	1960					

[12]



(c) Name **one** accounting principle applied by Bilal in **each** of the following situations.

	accounting principle
The double entry for the posting of the purchases journal entries is completed by posting the individual amounts to the purchases ledger.	
The purchase of goods on 5 April did not include goods costing \$55 which Bilal bought for his own use.	
The stationery purchased on 6 April had been recycled. This is expected to improve the reputation of the business. Reputation is not recorded in the accounting statements.	
The value of office equipment shown in the financial statements was based on its purchase price.	

[4]

[Total: 20]

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Q1/22/O/N/20

3 Dev owns a business selling furniture.

The following transactions took place during August 2020.

Transaction	Date	Details	\$
1	August 9	Sold goods on credit to Petra	675
2	14	Petra returned damaged goods to Dev	120
3	23	Banked cash sales	412
4	29	Petra settled her outstanding balance at 1 August by credit transfer after taking a cash discount of 5%	

On 1 August 2020, the balance on credit customer Petra's sales ledger account was \$940 debit.

REQUIRED

(a) Complete the table to name **each** business document **and** book of prime entry for the following transactions in Dev's accounting records.

Transaction	Business document	Book of prime entry
2		
3		
4		

[6]

(b) Prepare the account of Petra for August 2020 as it would appear in Dev's sales ledger.

Balance the account and bring down the balance on 1 September 2020.

Dev
Petra account

Date 2020	Details	\$	Date 2020	Details	\$
.....
.....
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[6]



(c) Identify the section of Dev’s statement of financial position at 31 August 2020 in which the balance on Petra’s account would appear.

..... [1]

Dev allows his credit customers a cash discount of 5% for prompt payment. He is considering reducing this to 2%.

REQUIRED

(d) State **one** advantage and **one** disadvantage to Dev of this proposal.

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..... [2]

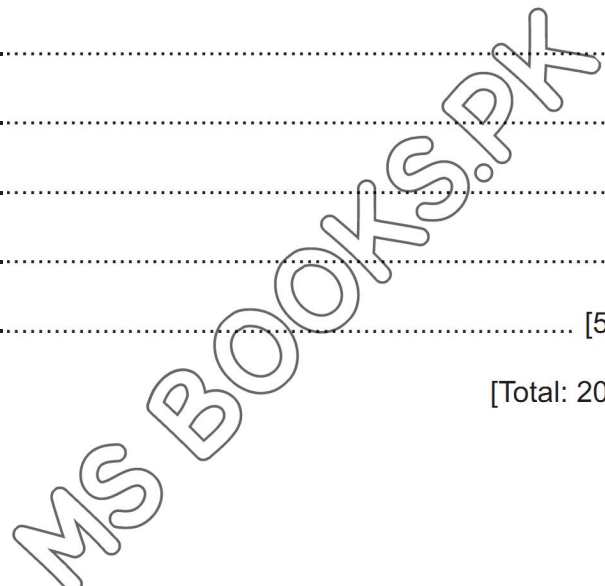
Dev is considering turning his business into a limited company.

REQUIRED

(e) Advise Dev whether or not he should form a limited company. Justify your answer with **two** advantages and **two** disadvantages of forming a limited company.

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..... [5]

[Total: 20]



Question	Answer	Marks																																																
1(c)	<p style="text-align: center;">Mariam Shahid account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 15%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 15%;">Details</th> <th style="width: 15%;">\$</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>Aug 13</td> <td>Purchases returns</td> <td style="text-align: right;">24 (1)</td> <td>Aug 1</td> <td>Balance b/d</td> <td style="text-align: right;">520</td> </tr> <tr> <td>24</td> <td>Bank</td> <td style="text-align: right;">507 (1)</td> <td>9</td> <td>Purchases</td> <td style="text-align: right;">340 (1)</td> </tr> <tr> <td></td> <td>Discount</td> <td style="text-align: right;">13 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>31</td> <td>Balance c/d</td> <td style="text-align: right;"><u>316</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">860</td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Sept 1</td> <td>Balance b/d</td> <td style="text-align: right;">316 (1)OF</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	2017			2017			Aug 13	Purchases returns	24 (1)	Aug 1	Balance b/d	520	24	Bank	507 (1)	9	Purchases	340 (1)		Discount	13 (1)				31	Balance c/d	<u>316</u>						860	2017						Sept 1	Balance b/d	316 (1)OF	5
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Q1/22/O/N/20 Q 2

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