



Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/02

Paper 2

For Examination from 2014

SPECIMEN MARK SCHEME

1 hour 45 minutes

MAXIMUM MARK: 120

This document consists of **8** printed pages.

- 1 (a) Share losses
 Share responsibilities
 Share risks
 Additional finance is available
 Discussion can take place before decisions are made
Or other suitable points

Any 2 correct points (1) each [2]

- (b) To avoid any misunderstandings/disagreements later. [1]

(c) (i)		\$		\$	
	Profit for the year			58 040	
	Add Interest on drawings			<u>1 960</u>	(1)
				60 000	
	Less Interest on capital	9 000			
	Partner's salary	<u>20 000</u>		<u>29 000</u>	(1)
	Profit available for distribution			<u>31 000</u>	

[2]

- (ii) Share of profit – Raminder Singh $\frac{1}{2} \times \$31\ 000 = \$15\ 500$ **OF**
 Vijay Singh $\frac{1}{2} \times \$31\ 000 = \$15\ 500$ **OF** [1]

- (iii) Raminder and Vijay Singh
 Current accounts

		R Singh		V Singh				R Singh		V Singh	
		\$		\$				\$		\$	
2011						2011					
Apr 1	Balance b/d (1)	4 660				Apr 1	Balance b/d (1)		1 820		
2012						2012					
Mar 31	Drawings (1)	21 000	28 000			Mar 31	Interest on capital (1)	6 000	3 000		
	Interest on drawings (1)	840	1 120				Salary (1)		20 000		
	Balance c/d		11 200				Share of profit OF (1)	15 500	15 500		
							Balance c/d	<u>5 000</u>			
		<u>26 500</u>	<u>40 320</u>					<u>26 500</u>	<u>40 320</u>		
2012						2012					
Apr 1	Balance b/d (1)	5 000				Apr 1	Balance b/d (1)		11 200		
	OF						OF				

Separate 'T' accounts acceptable

Separate three column running balance accounts acceptable

[9]

(d) Raminder and Vijay Singh
Capital accounts

		R Singh	V Singh			R Singh	V Singh
		\$	\$			\$	\$
2012				2012			
Apr 1	Current a/c	(1) 5 000		Apr 1	Balance b/d	(1) 200 000	100 000
		OF		30	Bank	(1) 50 000	
	Bank	(1) 45 000				OF	
30	Balance c/d	<u>150 000</u>	<u>150 000</u>			<u>200 000</u>	<u>150 000</u>
		<u>200 000</u>	<u>150 000</u>				
				2012			
				May 1	Balance b/d	150 000	150 000
						(1)OF	(1)OF

Separate 'T' accounts acceptable

Separate three column running balance accounts acceptable

[6]

[Total: 21]

2 (a) Zeema Jumbe
Insurance account

		\$				\$	
2011				2012			
Feb 1	Balance b/d	440 (1)		Jan 31	Income statement (1)	2940 (1)	
Apr 1	Bank	<u>3000 (1)</u>			Balance c/d	<u>500 (1)</u>	
		<u>3440</u>				<u>3440</u>	
2012							
Feb 1	Balance b/d	500 (1)OF					

Three column running balance account acceptable

[6]

(b) Zeema Jumbe
Journal

		Debit \$	Credit \$
1	A Zaheer A Zahir	540 (1)	540 (1)
2	Suspense		50 (1)
3	Suspense Rent paid Rent received	500 (1)	250 (1) 250 (1)
4	Drawings Purchases	385 (1)	385 (1)

[8]

(c)

Zeema Jumbe
Suspense account

2012	\$	2012	\$
Jan 31 Rent paid	250 (1)	Jan 31 Difference on trial balance	350 (1)
Rent received	250 (1)	Petty cash	50 (1)
	<u>500</u>	Balance c/d	<u>100</u>
			<u>500</u>
2012			
Feb 1 Balance b/d	100 (1)OF		

Three column running balance account acceptable

[5]

(d) Not all the errors have been found because there is still a balance on the suspense account.

Or suitable comment based on OF answer to (c)

[2]

(e) **Either**

Error: Number 1 (1)

Explanation: This is an error of commission and does not affect the balancing of the trial balance (1)

Or

Error: Number 4 (1)

Explanation: This is an error of omission and does not affect the balancing of the trial balance (1)

[Total: 23]

3 (a)

El Darb Sports Club
Subscriptions account

2011	\$	2011	\$
Jan 1 Balance b/d	200 (1)	Jan 1 Balance b/d	60 (1)
Dec 31 Balance c/d	80 (1)	Dec 31 Bank	4080 (1)
Income & Expenditure (1)	<u>4000 (1)</u>	Balance c/d	<u>140 (2)</u>
	<u>4280</u>		<u>4280</u>
2012		2012	
Jan 1 Balance b/d	140 (1)	Jan 1 Balance b/d	80 (1)
	OF		OF

Three column running balance account acceptable

[10]

(b)

El Darb Sports Club
Total Trade Payables account

2011		\$		2011	\$		
Dec 31	Bank	2990	(1)	Jan 1	Balance b/d	282	(1)
	Balance c/d	<u>397</u>	(1)	Dec 31	Purchases	<u>3105</u>	(1)
		<u>3387</u>				<u>3387</u>	
				2012			
				Jan 1	Balance b/d	397	

Three column running balance account acceptable

[4]

(c)

El Darb Sports Club
Shop Income Statement for the year ended 31 December 2011

	\$		\$
Revenue			7280 (1)
Less Cost of sales			
Opening inventory	990	(1)	
Purchases	<u>3105</u>	(1)OF	
	4095		
Less Closing inventory	<u>835</u>	(1)	
Cost of goods sold	3260		
Wages of shop assistant	2500	(1)	
Depreciation of shop fixtures	<u>200</u>	(1)	
Gross profit			<u>5960</u>
			<u>1320</u> (1)OF

Horizontal format acceptable

[7]

- (d) Increase selling prices
Buy cheaper goods
Try to find cheaper suppliers
Try to reduce shop expenses
Or other suitable points

Any 2 correct points (1) each

[2]

[Total: 23]

- 4 (a) May 31 Cash
- Hauraki Stores paid Robbie Macbeth \$539 in cash (1)
- Double entry debit cash column in cash book (1)
- Discount
- Hauraki Stores were allowed a cash discount, \$11, by Robbie Macbeth (1)
- Double entry discount allowed column in cash book (and then transferred to debit of discount allowed account) (1)
- June 1 Sales
- Robbie Macbeth sold goods, \$200, on credit to Hauraki Stores (1)
- Double entry credit sales account (1)

July 31	Bank		
	Hauraki Stores paid Robbie Macbeth a cheque for \$200		(1)
	Double entry debit bank column in cash book		(1)
August 10	Bank (dishonoured cheque)		
	The cheque received from Hauraki Stores on 31 July was returned by the bank.		(1)
	Double entry credit bank column in cash book		(1)
March 1	Bad debts		
	The balance of Hauraki Stores' account was written off as irrecoverable		(1)
	Double entry debit bad debts account		(1) [12]

(b) Robbie Macbeth
Journal

	Debit \$	Credit \$
Bank		
Bad debts recovered	50 (1)	50 (1)
Cheque received from Opu Drive Traders whose account was written off in June 2010 (1)		

[3]

(c) Robbie Macbeth
Provision for doubtful debts account

2012	\$	2011	\$
Mar 31 Income statement (1)	180 (1)	Apr 1 Balance b/d	1410 (1)
Balance c/d	<u>1230</u> (2)		<u>1410</u>
	<u>1410</u>	2012	
		Apr 1 Balance b/d	1230 (1)OF

Three column running balance account acceptable

[6]

- (d) (i)** The profit for the year is not overstated. (1)
The trade receivables are shown at a realistic amount in the statement of financial position. (1) [2]
- (ii)** The amount of sales for which the business is unlikely to be paid is regarded as an expense of the year in which those sales are made. [2]

[Total: 25]

- 5 (a) (i) Current ratio $70\,000 : 40\,000$ (1) = 1.75 : 1 (1)
- (ii) Quick ratio $(70\,000 - 34\,000) : 40\,000$ (1) = 0.90 : 1 (1)
- (iii) Trade receivables collection period $\frac{29\,000}{275\,000} \times \frac{365}{1}$ (1) = 39 days (1)
- (iv) Trade payables payment period $\frac{40\,000}{465\,000} \times \frac{365}{1}$ = 32 days (1) [8]
- (b) (i) Does not include inventory in the calculation. (1)
Either
 Inventory is not regarded as a liquid asset – a buyer has to be found and then the money collected. Some goods may prove to be unsaleable. (2)
Or
 The quick ratio shows whether the business would have surplus liquid funds if all the current liabilities were paid immediately from the liquid assets. (2) [3]
- (ii) Satisfied if (a)(ii) is higher than the ratio for 2010. (1)
 This means that the business is more able to meet current liabilities from immediate liquid assets without the need to sell inventory. (2)
Or
 Not satisfied if (a)(ii) is lower than the ratio for 2006. (1)
 In 2010 the business's liquid assets were lower than the current liabilities. If they fall further the business may have problems meeting current liabilities when they fall due. (2) [3]
- (c) (i) Not satisfied if (a)(iii) is more than the ratio for 2010.
Or
 Satisfied if (a)(iii) is less than the ratio for 2010.
 Credit customers are taking 9 days longer to pay than the previous year.
Or
 Suitable explanation based on OF answer to (a)(iii). [3]
- (ii) Credit customers are taking longer to pay so this may have a 'knock-on' effect and mean that the credit suppliers may have to wait longer for their accounts to be paid.
Or
 Suitable explanation based on OF answer to (a)(iii) and (iv). [2]
- (iii) Loss of cash discounts
 Credit suppliers may refuse further supplies
 Credit suppliers may insist on cash purchases only in future
 Damage to good relationship with credit suppliers
Or other suitable points
Any 2 correct points (1) each [2]

- (d) The accounts may be for 1 year only and not show trends
 The accounts may not be for a typical year
 The financial year may end at a different point in the trading cycle
 The business may operate different accounting policies e.g. depreciation
 There may be differences which affect profitability e.g. renting premises or owning premises
 The accounts do not show non-monetary items, but these are important in the success of a business
 It is not always possible to obtain all the information about a business in order to make a true comparison

Or other suitable points

Any 3 correct points (1) each

[3]

- (e) Bank manager
 Assessment of prospects of any requested loan/overdraft repaid when due
 Assessment of prospects of any interest on loan/overdraft being paid when due
 Assessment of the security available to cover any loan/overdraft

Lenders

- Assessment of prospects of any requested loan when due
 Assessment of prospects of any interest on loan being paid when due
 Assessment of the security available to cover any loan

Credit suppliers of goods

- Assessment of the liquidity position
 Identifying how long the business takes to pay credit suppliers
 Identifying future prospects of the business
 Identifying what credit limit is reasonable

Managers (if any)

- Assessment of past performance
 Basis of future planning
 Control the activities of the business
 Identifying areas where corrective action is required

**Or other suitable interested persons e.g. trade unions/employees/government bodies/
 take-over bidders/competitors etc.**

Two parties to be identified – (1) each giving a total of (2)

One acceptable reason required in each case – (1) giving a total of (2)

[4]

[Total: 28]