



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

---

**ACCOUNTING**

**0452/02**

Paper 2

**For Examination from 2010**

SPECIMEN MARK SCHEME

**1 hour 45 minutes**

---

**MAXIMUM MARK: 120**

---

This document consists of **9** printed pages and **1** blank page.



- 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)		\$		\$	
	Net profit			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  $\frac{1}{2} \times \$31\,000 = \$15\,500$  **O/F**  
Vijay Singh  $\frac{1}{2} \times \$31\,000 = \$15\,500$  **O/F** [1]

- (iii) Raminder and Vijay Singh  
Current accounts

		R Singh	V Singh		R Singh	V Singh
		\$	\$		\$	\$
2009				2009		
April 1	Balance b/d (1)	4 660		April 1	Balance b/d (1)	1 820
2010				2010		
Mar 31	Drawings (1)	21 000	28 000	Mar 31	Interest on	
	Interest on				capital (1)	6 000
	drawings (1)	840	1 120		Salary (1)	20 000
	Balance c/d		11 200		Share of	
					profit <b>O/F</b> (1)	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>
2010				2010		
April 1	Balance b/d (1)	5 000		April 1	Balance b/d (1)	11 200
	<b>O/F</b>				<b>O/F</b>	

- 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
		\$	\$			\$	\$
2010				2010			
April 1	Current a/c (1)	5 000		April 1	Balance b/d (1)	200 000	100 000
	O/F			30	Bank (1)		50 000
	Bank (1)	45 000			O/F		
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>				
				2010			
				May 1	Balance b/d	150 000	150 000
					(1) O/F	(1) O/F	

**Separate "T" accounts acceptable**

**Separate three column running balance accounts acceptable**

[6]

[Total: 21]

2 (a)

Zeema Jumbe  
Insurance account

		\$			\$
2009				2010	
Feb 1	Balance b/d	440 (1)		Jan 31	Income statement (1)
Apl 1	Bank	3000 (1)			(Profit & loss)
		<u>3440</u>			Balance c/d
					<u>500 (1)</u>
2010					<u>3440</u>
Feb 1	Balance b/d	500 (1)O/F			

**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]

		Zeema Jumbe Suspense account				
2010		\$		2010	\$	
Jan 31	Rent paid	250	(1)	Jan 31	Difference on trial balance	350 (1)
	Rent received	250	(1)		Petty cash	50 (1)
					Balance c/d	<u>100</u>
						<u>500</u>
2010						
Feb 1	Balance b/d	100	(1)			

**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 O/F 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)

[2]

**[Total: 23]**

**3 (a)** El Darb Sports Club  
Subscriptions account

2009		\$		2009	\$	
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</u>	(1)		Balance c/d	140 (2)
		<u>4280</u>				<u>4280</u>
2010				2010		
Jan 1	Balance b/d	140	(1)	Jan 1	Balance b/d	80 (1)
			<b>O/F</b>			<b>O/F</b>

**Three column running balance account acceptable** [10]

(b)

El Darb Sports Club  
Total creditors account

		\$			\$
2009				2009	
Dec 31	Bank	2990	(1)	Jan 1	Balance b/d
	Balance c/d	<u>397</u>	(1)	Dec 31	Purchases
		<u>3387</u>			<u>3105</u>
				2010	
				Jan 1	Balance b/d
					397

**Three column running balance account acceptable**  
**Calculation format also acceptable**

[4]

(c)

El Darb Sports Club  
Shop Income Statement (Shop Trading Account) for the year ended  
31 December 2009

	\$		\$
Sales			7280 (1)
Less Cost of sales			
Opening inventory (stock)	990	(1)	
Purchases	<u>3105</u>	(1) O/F	
	4095		
Less Closing inventory (stock)	<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) O/F

**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	50 (1)	
Bad debts recovered		50 (1)
Cheque received from Opuia Drive Traders whose account was written off in June 2006 (1)	(1)	

[3]

**(c)** Robbie Macbeth  
Provision for doubtful debts account

2010		\$		2009		\$
Mar 31	Income statement (1)	180	(1)	Apl 1	Balance b/d	1410 (1)
	(Profit & loss)					
	Balance c/d	<u>1230</u>	(2)			<u>1410</u>
		<u>1410</u>				<u>1410</u>
				2010		
				Apl 1	Balance b/d	1230 (1) O/F

**Three column running balance account acceptable**

[6]

- (d) (i) The profit for the year (net profit) is not overstated. (1)  
The trade receivables (debtors) are shown at a realistic amount in the balance sheet. (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 (debtors') collection period  $\frac{29\,000}{275\,000} \times \frac{365}{1}$  (1) = 39 days (1)
- (iv) Trade payables (creditors') payment period  $\frac{40\,000}{465\,000} \times \frac{365}{1}$  (1) = 32 days (1) [8]

- (b) (i) Does not include inventory (stock) in the calculation. (1)  
**Either**  
Inventory (stock) 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 2008. (1)  
This means that the business is more able to meet current liabilities from immediate liquid assets without the need to sell stock. (2)

**Or**

Not satisfied if (a) (ii) is lower than the ratio for 2008. (1)  
In 2006 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) 1 Not satisfied if (a) (iii) is more than the ratio for 2008  
**Or**  
Satisfied if (a) (iii) is less than the ratio for 2008. [1]

2 Debtors are taking 9 days longer to pay than the previous year

**Or**

Suitable explanation based on O/F answer to (a) (iii). [2]

- (ii) Debtors are taking longer to pay so this may have a "knock-on" effect and mean that the creditors may have to wait longer for their accounts to be paid.

**Or**

Suitable explanation based on O/F answer to (a) (iii) and (iv). [2]

**(iii) Loss of cash discounts**

Creditors may refuse further supplies  
 Creditors may insist on cash purchases only in future  
 Damage to good relationship with creditors

**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  
 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

Creditor for goods

Assessment of the liquidity position  
 Identifying how long the business takes to pay creditors  
 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. trades 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: 17]

## ASSESSMENT OBJECTIVES

Question number	Syllabus reference	Total marks	Skill		
			A	B	C
1 (a) (b) (c) (d)	6.2	21	2 1 6	12	
2 (a) (b) (c) (d) (e)	4.3 3.2	23	6  2	8 5	2
3 (a) (b) (c) (d)	6.4 6.6 6.4 7.2	23	10	4 7	2
4 (a) (b) (c) (d)	2.4, 4.4 4.4 4.4, 8.1	25	12 3 6		4
5 (a) (b) (c) (d) (e)	7.1  7.3 7.4	28			8 6 7
	Marks	120	55	36	29
	% of marks	100%	46%	30%	24%

