



**Cambridge International Examinations**  
Cambridge International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/02**

Paper 2

**For Examination from 2014**

SPECIMEN MARK SCHEME

**1 hour 45 minutes**

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**MAXIMUM MARK: 120**

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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          |                 |               |
|        | Interest on     |                 |               |        | capital (1)          | 6 000           | 3 000         |
|        | drawings (1)    | 840             | 1 120         |        | Salary (1)           |                 | 20 000        |
|        | Balance c/d     |                 | 11 200        |        | Share of             |                 |               |
|        |                 |                 |               |        | profit <b>OF</b> (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        |
|        | <b>OF</b>       |                 |               |        | <b>OF</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        |
|-------|-------------|----------------|----------------|-------|-------------|----------------|----------------|
|       |             | \$             | \$             |       |             | \$             | \$             |
| 2012  |             |                |                | 2012  |             |                |                |
| Apr 1 | Current a/c | (1) 5 000      |                | Apr 1 | Balance b/d | (1) 200 000    | 100 000        |
|       |             | <b>OF</b>      |                | 30    | Bank        | (1) 50 000     |                |
|       | Bank        | (1) 45 000     |                |       |             | <b>OF</b>      |                |
| 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      | 540 (1) |         |
|   | A Zahir       |         | 540 (1) |
| 2 | Suspense      |         | 50 (1)  |
| 3 | Suspense      | 500 (1) |         |
|   | Rent paid     |         | 250 (1) |
|   | Rent received |         | 250 (1) |
| 4 | Drawings      | 385 (1) |         |
|   | Purchases     |         | 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) [2]

**[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       | 140 (2)     |
|                          | <u>4280</u>     |                   | <u>4280</u> |
| 2012                     |                 | 2012              |             |
| Jan 1 Balance b/d        | 140 (1)OF       | Jan 1 Balance b/d | 80 (1)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<br>\$ | Credit<br>\$ |
|---|-------------|--------------|
| 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]**