

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

ACCOUNTING

9706/02

Paper 2 Structured Questions (Core)

October/November 2003

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 any diagrams, graphs or 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	
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Total	

- (ii) Distinguish between a Receipts and Payments Account and an Income and Expenditure Account.

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- 2 Dougal and Florence, who have been in partnership for many years, decided to retire from the partnership on 30 September 2003. Profits and Losses were shared in the ratio of 2:1. The partners' Capital account balances, which were fixed at Dougal \$80 000 and Florence \$40 000. The partnership Balance Sheet at 30 September 2003 was as follows.

<u>Fixed assets (net book values)</u>	\$	\$	\$
Buildings	104 000		
Fixtures and fittings	35 000		
Motor vehicles	<u>26 000</u>		165 000
<u>Current assets</u>			
Stock	10 500		
Debtors	17 230		
Bank	<u>950</u>	28 680	
<u>Current liabilities</u>			
Creditors		<u>9 230</u>	<u>19 450</u>
			<u>184 450</u>
Capital accounts			
Dougal	80 000		
Florence	<u>40 000</u>		120 000
Current accounts			
Dougal	14 430		
Florence	<u>(2 580)</u>		11 850
Loan from Dougal			<u>52 600</u>
			<u>184 450</u>

The partnership ceased trading on 30 September 2003 and the assets were realised as follows.

	\$
Buildings	100 000
Fixtures and fittings	37 000
One motor vehicle	15 000
The remaining motor vehicle was taken by Dougal at an agreed valuation of	9 500
Stocks	5 200

All debts were collected and banked except for bad debts totalling \$900.

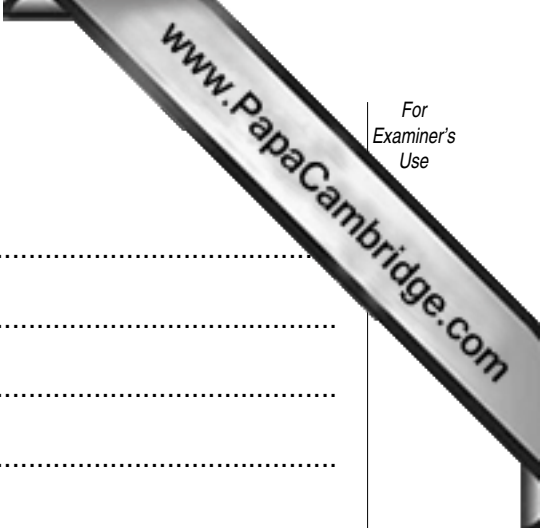
Discounts allowed amounted to \$200.

Creditors were paid in full.

Dissolution expenses of \$1200 were paid by cheque.

Dougal's loan was repaid from the bank account.

Partners' Current account balances were transferred to their Capital accounts.



(c) Partners' Capital accounts, in columnar form

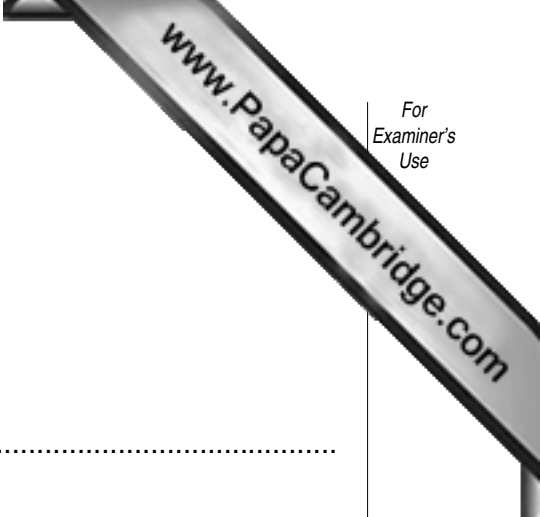
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(d) The partnership Bank account.

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(e) Discuss **three** problems which may arise in a partnership but would **not** occur in a limited company.

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(b) Calculate the overhead recovery rate for

- (i)** the cutting department, based on direct wages;
- (ii)** the stitching department, based on machine hours.

Show all workings.

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(c) Give reasons for the two different methods used in **(b)**.

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