

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	

This document consists of **12** printed pages.



- 2 Dougal and Florence, who have been in partnership for many years, decided to retire and dissolve the partnership on 30 September 2003. Profits and Losses were shared in the ratio of 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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