

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge International General Certificate of Secondary Education

**MARK SCHEME for the May/June 2015 series**

**0452 ACCOUNTING**

**0452/23**

Paper 2, maximum raw mark 120

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- 1 (a) Control/limit/keep track of petty cash expenditure  
The cash remaining and the vouchers received should equal the imprest  
Can help to reduce fraud  
Or other suitable advantage  
Any one advantage (1) [1]
- (b) See petty cash book on next page [11]
- (c) (i) \$78 (1 o.f.)  
(ii) Bank (or Cash) (1) [2]
- (d) Stationery (1) [1]

- (e) Kuda Maposa  
Journal

		Debit \$	Credit \$	
1	Drawings Purchases Goods taken for personal use	300	300	(1) (1) (1)
2	Motor vehicles Capital Motor vehicle purchased using private funds	12 000	12 000	(1) (1) (1)
3	Machinery Machinery repairs Valley Machines Invoice received for purchase of new machine and repairs to existing machine	865 125	990	} (1) } (1) (1)

[9]

**[Total: 24]**

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(b)

## Kuda Maposa – Petty Cash Book

Total Received	Date	Details	Total Paid	Postage	Stationery	General Expenses	Ledger accounts
\$ 100 10 (1)	2015 Mar 1	Balance b/d	\$	\$	\$	\$	\$
	6	Postage	13	13 (1)			
	11	Tea and coffee	5			5 (1)	
	14	Stationery	27		27 (1)		
	18	T Masuka	15				15 (1)
	21	Refund for stationery					
	26	Window cleaner	12			12 (1)	
	29	P Zhonga	16				16 (1)
	30	Balance c/d	88 22	13	27	17	31
110			110				
22 (1 o.f.)	April 1	Balance b/d					

(1) Dates

(1 o.f.) Totalling analysis columns

(1 o.f.) Matching totals on total columns

[11]

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- 2 (a) (i) 15% (1)  
(ii) \$187 (1)  
(iii) \$217 (1) [3]

(b) Jai Kapur (1) [1]

(c) Goods returned  
Overcharge  
Allowance for faulty/damaged goods  
Any one reason (1) [1]

(d) Debit note (1) [1]

(e)

Books of Jai Kapur		Books of Vijay Singh	
Account debited	Account credited	Account debited	Account credited
Sales returns (1)	Vijay Singh (1)	Jai Kapur (1)	Purchases returns (1)

[4]

(f)

Vijay Singh Sales ledger control account				
		\$		
2015			2015	
April 1	Balance b/d	475 (1)	April 30	Sales returns
	30 Sales	590 (1)		Bank
	Bank (dis. chq.)	26 (1)		Discount allowed
	Interest	8 (1)		Bad debt
	Balance c/d	21		Contra
		1120		Balance c/d
				492
				1120
2015			2015	
May 1	Balance b/d	492 (1 o.f.)	May 1	Balance b/d
				21 (1)

**+ (1) dates**

**Three column running balance presentation acceptable** [12]

(g) This is when the balance of an account in the purchases ledger is set against the balance of an account of the same person in the sales ledger. (1) It is used when a trader both buys goods from and sells goods to another business. (1) [2]

(h) The customer had not paid the balance owed by the end of the period of credit allowed. (1) [1]

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- (i) To assist in the location of errors  
 To provide an instant total of trade receivables  
 To prove the arithmetical accuracy of the sales ledger  
 To enable a statement of financial position to be prepared quickly  
 To provide a summary of transactions relating to trade receivables  
 To help reduce fraud

Any one reason **(1)** [1]

- (j) An error in the sales ledger would not be revealed **(1)**  
 Any fraud would not be revealed **(1)**  
 Or other relevant point

Any two points **(1)** each [2]

**[Total: 28]**

**3 (a)**

Malala Khan  
 Statement of Affairs at 31 May 2015

Assets	Cost	Depreciation to date	Book value
	\$	\$	\$
Machinery	28 600	11 440 (1)	17 160 (1 o.f.)
Motor vehicles	<u>24 000</u>	<u>13 875 (1)</u>	<u>10 125 (1 o.f.)</u>
	<u>52 600</u>	<u>25 315</u>	<u>27 285</u>
Inventory		6 750 (1)	
Trade receivables	7 800 (1)		
Less Provision for doubtful debts	<u>156</u>	7 644 (1)	
Other receivables		<u>101 (1)</u>	<u>14 495</u>
			<u>41 780</u>
<b>Liabilities</b>			
Long-term loan			10 000 (1)
Trade payables		8 100 (1)	
Bank overdraft		<u>4 080 (1)</u>	<u>12 180</u>
			22 180
Capital		<u>19 600 (1 o.f.)</u>	
		<u>41 780</u>	

**Any suitable format acceptable** [12]

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(b)

		Malala Khan Capital account			
		\$		\$	
2015			2014		
May 31	Drawings	1990	June 1	Balance	20000
	Drawings	420	2015		
	Loss for year	2990	Jan 1	Bank	5000
	Balance c/d	<u>19600</u>			
		<u>25000</u>			<u>25000</u>
			2015		
			June 1	Balance b/d	19600

Three column running balance presentation acceptable

[6]

(c)

	Increase	Decrease	No effect
Reduce the credit period allowed to credit customers			✓ (1)
Sell a motor vehicle which is no longer used	✓ (1)		
Arrange with the bank to have a loan for six months			✓ (1)
Allow cash discount to credit customers who pay promptly		✓ (1)	

[4]

- (d) To be able to meet debts when they fall due  
 To be able to take advantage of cash discounts  
 To be able to take advantage of business opportunities as they arise  
 To ensure that there is no difficulty in obtaining further supplies  
 Or other suitable explanation

Any three points (1) each

[3]

[Total: 25]

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4 (a)

Syed Zilani

Income Statement for the year ended 31 January 2015

	\$	\$	\$
Revenue			77 100
Cost of sales			
Purchases	62 030 (1)		
Less Goods for own use	<u>580</u>	61 450 (1)	
Less Closing inventory		<u>4 100 (1)</u>	<u>57 350</u>
Gross profit			19 750 (1 o.f.)
Discount received			<u>43 (1)</u>
			19 793
Wages		10 140	
Insurance (2 800 (1) – 400 (1))		2 400	
Advertising		1 120 (1)	
Bad debts		90 (1)	
Provision for doubtful debts (2% × 6 500)		130 (1)	
Rates (2 160 (1) – 720 (1))		1 440	
General expenses		151	
Depreciation – Equipment (20% × 9 300)		<u>1 860 (1)</u>	<u>17 331</u>
Profit for the year			<u>2 462 (1 o.f.)</u>

**Horizontal format acceptable**

[14]

(b) **Either**

Profit should not be overstated

**Or**

Profit should not be anticipated, but possible losses should be provided for (1)

Example

**Either** Creation of provision for doubtful debts**Or** Providing for depreciation of equipment (1)

[2]

(c) **Comparability**

Relevance

Understandability

Any one objective (1)

[1]

(d) **Should compare with a business in the same trade**

Should compare with a business of approximately the same size/same capital

Should compare with a business of the same type (sole trader)

The financial statements may be for one year which will not show trends

The financial statements may be for one year which is not a typical year

The financial year may end on different dates (when inventories are high/low)

The businesses may operate different accounting policies

The statements do not show non-monetary factors

It may not be possible to obtain all the information needed to make comparisons

Or other suitable points

Any two points (1) for basic statement and (1) for development

[4]

**[Total: 21]**

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5 (a)

Error	Increase \$	Decrease \$
Sales returns, \$420, had not been recorded		420 (2)
Inventory on 1 March 2014 was overstated by \$1500	1500 (2)	
The income statement included rent and rates, \$6150, for 15 months to 31 May 2015	1230 (2)	
Discount allowed, \$180, had been recorded as discount received		360 (2)

(1) for position and (1) for figure in each case [8]

(b)  $(7350 + 1120) : ((6870 + 5000))$   
 $8470 : 11\ 870$  (1)  
 $0.71 : 1$  (1) [2]

(c) Liquid assets are less than the current liabilities  
 Cannot meet the immediate liabilities from the immediate assets  
 Is dependent on selling inventory to meet the current liabilities  
 Is below the generally accepted "benchmark"/is inadequate/unsatisfactory  
 Or other suitable comment based on the answer to (b)

Any two points (1) each [2]

(d) Excludes the inventory from the calculation [1]

(e)  $\frac{\text{Trade receivables}}{\text{Credit sales}} \times \frac{365}{1}$  [1]

(f)  $\frac{7350}{71500} \times \frac{365}{1} = 38$  days (1) [2]

(g) On average credit customers are taking 8 days more than is allowed  
 This may affect the ability of the business to pay current liabilities  
 This may affect the ability of the business to take advantage of opportunities when they arise  
 Or other suitable comments based on answer to (f)

Any two points (1) each [2]



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- (h) Offer cash discount for prompt payment  
Charge interest on overdue accounts  
Improve credit control/send invoices or statements promptly  
Refuse further supplies until outstanding balance paid  
Invoice discounting and debt factoring

Any two points **(1)** each

[2]

- (i) On average suppliers are paid 4 days earlier than is required  
This may enable him to take advantage of cash discounts  
This will improve relations with credit suppliers  
Deprives the business of the use of the money earlier than necessary

Any two points **(1)** each

[2]

**[Total: 22]**