

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge International General Certificate of Secondary Education

**MARK SCHEME for the October/November 2015 series**

**0452 ACCOUNTING**

**0452/23**

Paper 2, maximum raw mark 120

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the October/November 2015 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level components and some Cambridge O Level components.

<b>Page 2</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>Cambridge IGCSE – October/November 2015</b>	<b>0452</b>	<b>23</b>

- 1 (a) (i) Lack of funds  
 No signature  
 Amount in words and figures differ  
 No date  
**Or other suitable reason**  
**Any 1 reason (1)** [1]
- (ii) This is a contra entry (1)  
 Cash has been withdrawn from the bank for business use (1) [2]
- (iii) Money received from sales: some retained in cash and some paid into the bank (1) [1]
- (iv)  $\frac{13}{(507 + 13)} = \frac{100}{1} = 2\frac{1}{2}\%$  (1) [1]
- (v) Debited (1) to the discount allowed account (1) [2]
- (vi)  $944 - 667 = 277$  (1) [1]

(b)

Paul Chew			
Bank Reconciliation Statement at 30 September 2015			
	\$	\$	
Balance shown on bank statement		(43)	(1)
Add Amounts not credited	560		(1)
Cheque not yet credited – Yeung & Co	<u>267</u>	<u>827</u>	
		784	
Less Cheque not yet presented – K Tan		<u>507</u>	(1)
Balance shown in cash book		<u>277</u>	(1) OF

**Alternative form of presentation acceptable** [5]

(c)

	Document	Paul Chew's book of prime (original) entry	Kim Chan's book of prime (original) entry
Paul Chew sold goods on credit to Kim Chan	Invoice (1)	Sales Journal (1)	Purchases Journal (1)
Kim Chan notified Paul Chew of an overcharge	Debit note (1)	No entry (1)	No entry (1)
Paul Chew notified Kim Chan that he agreed the overcharge	Credit note (1)	Sales Returns Journal (1)	Purchases Returns Journal (1)
Paul Chew sent Kim Chan a summary of the month's transactions	Statement of account (1)	No entry (1)	No entry (1)

[12]

[Total: 25]

<b>Page 4</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>Cambridge IGCSE – October/November 2015</b>	<b>0452</b>	<b>23</b>

2 (a)

Ishmael Makumbo				Rent receivable account	
\$				\$	
2014			2014		
Sept 1	Balance b/d	2 100 (1)	Sept 2	Bank	4 200 (1)
2015			2015		
Aug 31	Income statement	8 400 (1)	Jan 3	Bank	2 100 } (1)
			May 4	Bank	2 100 }
			Aug 31	Balance c/d	2 100
		10 500			10 500
2015					
Sept 1	Balance b/d	2 100 (1)OF			

**+ (1) for dates**

**Three column running balance presentation acceptable**

**[6]**

**(b) Current assets (1)**

It is an amount owing to Ishmael Makumbo (1)

**[2]**

**(c)**

Ishmael Makumbo				Motor expenses account	
\$				\$	
2014			2014		
Sept 7	Bank	274 (1)	Sept 1	Balance b/d	274 (1)
2015			2015		
Feb 1	Cash	96 (1)	Aug 31	Income statement	209 (1)
Aug 31	Balance c/d	113			
		483			483
			2015		
			Sept 1	Balance b/d	113 (1)

**+ (1) for dates**

**Three column running balance presentation acceptable**

**[6]**

(d)

Ishmael Makumbo  
Journal

	Debit \$	Credit \$	
Drawings	300		(1)
Purchases		300	(1)
Goods taken for own use			(1)
Drawings	108		(1)
Telephone expenses		108	(1)
Personal telephone expenses transferred to drawings account			(1)

**One composite journal entry acceptable**

**[6]**

**[Total: 20]**

<b>Page 6</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>Cambridge IGCSE – October/November 2015</b>	<b>0452</b>	<b>23</b>

- 3 (a) Error 1 – Error of omission (1)  
 2 – Error of principle (1)  
 3 – Error of reversal (1) [3]

(b)

Sally Rickard  
 Corrected Trial Balance at 31 October 2015

	Debit \$	Credit \$	
Revenue		160 400	(1)
Purchases	99 300		(1)
Wages	27 000		
Motor expenses (1600 + 430)	2 030		(1)
General expenses (7250 + 150)	7 400		(1)
Premises at cost	80 000		
Equipment and fixtures at cost	10 000		
Motor vehicle at cost (13930 – 430)	13 500		(1)
Provision for depreciation of equipment and fixtures		1 050	
Provision for depreciation of motor vehicles		5 750	
Trade receivables (26 800 – 520)	26 280		(1)
Provision for doubtful debts		670	
Trade payables		8 150	(1)
Cash (350 – 150)	200		(1)
Bank overdraft (4810 – 520)		4 290	(1)
Loan from AB Loans		10 000	
Drawings	12 500		(1)
Capital		95 000	(1)OF
Inventory 1 November 2014	7 100		(1)
	285 310	285 310	(1)OF

[13]

(c)

	Effect on profit		Accounting principle
	Increase	Decrease	
An amount owing by a credit customer should have been written off		✓(1)	Prudence OR Accruals / matching (1)
The general expenses includes rates which were prepaid until 31 December 2015.	✓(1)		Accruals/ matching (1)
Goods invoiced and despatched to a customer were not recorded as the customer did not receive them until 3 November 2015	✓(1)		Realisation (1)
No record had been made of goods taken for personal use	✓(1)		Business Entity (1)

[8]

[Total: 24]

Page 8	Mark Scheme	Syllabus	Paper
	Cambridge IGCSE – October/November 2015	0452	23

4 (a) (i)  $\frac{\text{Cost of sales}}{\text{Average inventory}}$  } (1) [1]

(ii)  $\frac{32\,500}{6\,000}$  } (1) = 5.42 times (1) [2]

(iii) Higher inventory levels  
Lower sales activity  
**Or other suitable reason**  
**Any 2 reasons (1) each** [2]

(b) (i) Lower of cost and net realisable value (1) [1]

(ii) Prudence (1) [1]

(c)

Extract from Statement of Financial Position at 31 July 2015

	Sanch Mirza \$	Syed Mirza \$	Total \$
Capital account	30 000 (1)	60 000 (1)	90 000
Current account	<u>(3 500) (1)</u>	<u>2 500 (1)</u>	<u>(1 000)</u>
	<u>26 500</u>	<u>62 500</u>	<u>89 000 (1)</u>

[5]

(d) (i)  $\frac{\text{Profit for the year (or profit for the year before interest)}}{\text{Capital employed}} \times \frac{100}{1}$  } (1) [1]

(ii)  $\frac{9\,000}{89\,000}$  } (1)  $\times \frac{100}{1} = 10.11\%$  (1) **OF** [2]

(iii) Lower profit for the year  
Higher capital employed  
**Any 1 reason (1)** [1]



Page 9	Mark Scheme	Syllabus	Paper
	Cambridge IGCSE – October/November 2015	0452	23

- (e) (i) To compensate him for investing the most capital  
To encourage Sanchi to invest more  
**Or other suitable reason**  
**Any 2 reasons (1) each** [2]
- (ii) To penalise Sanchi for making more drawings  
To discourage Sanchi from making excessive drawings  
**Or other suitable reason**  
**Any 1 reasons (1) mark** [1]
- (iii) To compensate Sanchi for extra workload  
To reward Sanchi for extra skills  
**Or other suitable reason**  
**Any 1 reasons (1) mark** [1]
- (f) (i)  $\frac{\text{trade payable}}{\text{credit purchases}} \times \frac{365}{1} \text{ (1)}$  [1]
- (ii)  $\frac{4\,000}{31\,000} \times \frac{365}{1} \text{ (1)} = 49 \text{ days (1)}$  [2]
- (iii) Exceeds credit allowed  
May find it difficult to obtain further supplies  
May damage relationship with suppliers  
May not be able to take advantage of cash discount from suppliers  
**Or other relevant comment**  
**Any 2 comments (1) each** [2]
- (g) Reduces liquidity  
May find it difficult to pay trade payables  
May find it difficult to pay running expenses  
May lead to bank overdraft  
Cannot take advantage of business opportunities when they arise  
May not be able to take advantage of cash discount from suppliers  
**Or other relevant comment**  
**Any 2 comments (1) each** [2]

[Total: 27]

5 (a)

	\$
Subscription received	6 180 (1)
Less amount for previous year	<u>360 (1)</u>
	5 820
Less amount for following year	<u>270 (1)</u>
	5 550
Add amount prepaid at start	<u>450 (1)</u>
Subscription for the year	<u>6 000 (1)</u>

**Alternative forms of presentation acceptable**

[5]

(b)

Hills Road Youth Club		
Refreshment Income Statement for the year ended 31 October 2015		
	\$	\$
Sales of refreshments		3 100 (1)
Cost of sales		
Opening inventory	280 (1)	
Purchases	<u>2 650 (1)</u>	
	2 930	
Closing inventory	<u>310 (1)</u>	<u>2 620</u>
Profit in refreshments		<u>480 (1)</u>

[5]

(c)

Hills Road Youth Club		
Income and Expenditure Account for the year ended 31 October 2015		
	\$	\$
Subscriptions		6 000 (1)OF
Profit on refreshments		<u>480 (1)OF</u>
		6 480
Repairs to equipment	220	
Insurance (1350 (1) – 270 (1))	1 080	
Rent of premises (1430 (1) + 130 (1))	1 560	
General expenses	2 540	
Depreciation of equipment		
((6000 + 2000) (1) – 6800 (1))	<u>1 200</u>	<u>6 600</u>
Deficit		<u>120 (1)OF</u>

[9]

<b>Page 11</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>Cambridge IGCSE – October/November 2015</b>	<b>0452</b>	<b>23</b>

- (d) Income and expenditure account includes non-monetary items  
Income and expenditure account has adjustments for accruals and prepayments  
Income and expenditure account includes only revenue items  
**Or other suitable reason**  
**Any 2 reasons (1) each** [2]
- (e) The members of the club have not invested any capital (1) so there can be no dividends/profit share which represent a return on capital invested (1) [2]
- (f) Accumulated fund arises from the surpluses the club has made (1) [1]
- [Total: 24]**