

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge International General Certificate of Secondary Education

## **MARK SCHEME for the March 2016 series**

### **0452 ACCOUNTING**

**0452/22**

Paper 22, maximum raw mark 120

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1 (a)

Abhinav – Petty Cash Book

Total received	Date	Details	Total paid	Postage and stationery	Travel	Cleaning	Ledger accounts
\$	2016		\$	\$	\$	\$	\$
24.00	Feb 1	Balance b/d					
96.00		Bank					
	4	Stamps	14.00	14.00 } (1)			
	7	Copy paper and cartridges	33.00	33.00 }			
4.00 (1)	10	Refund from stationery					
	13	Train fare	9.50		9.50 (1)		
	15	Office Supply Ltd	29.00				29.00 (1)
	21	Taxi fare	9.90		9.90 (1)		
	26	Window cleaner	17.00			17.00 (1)	
			112.40	47.00	19.40	17.00	29.00
	29	Balance c/d	11.60				
124.00			124.00				
11.60 (1)	Mar 1	Balance b/d					

- (1) Dates
- (1) OF Totalling analysis columns
- (1) OF Totalling total columns

[10]

(b) (i) \$108.40 (1)OF [1]

(ii)

debit		credit	
Petty cash	(1)	Cash/bank/cash book	(1)

[2]

(c)

Abhinav  
Postage and stationery account

		\$			\$
2016			2016		
Feb 29	Petty cash	47 (1)	Feb 29	Petty cash	4 (1)

[2]

(d) (i) Consistency (1) [1]

(ii) Money measurement (1) [1]

(iii) Realisation (1) [1]

(iv) Going concern (1) [1]

[Total: 19]

2 (a)

Aireville Limited  
Cash Book (bank columns only)

		\$			\$
2016			2016		
Jan 1	Error correction	1 000 (1)	Jan 1	Balance b/d	3 420
	Balance c/d	2 940		Bank charges	190 (1)
				PB Limited	
				(Dis. Chq.)	330 (1)
		3 940			3 940
			2016		
			Jan 1	Balance b/d	2 940 (1of)

[4]

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(b)

Aireville Limited  
Bank Reconciliation Statement at 31 December 2015

	\$
Balance on bank statement	(1 800) (1)
Amounts not yet credited – cash sales (1)	1 560 (1)
	(240)
Cheques not yet presented – M Raja (1)	2 700 (1)
Balance in cash book	<u>(2 940) (1of)</u>

**Alternative presentation**

Aireville Limited  
Bank Reconciliation Statement at 31 December 2015

	\$
Balance in cash book	(2 940) (1of)
Cheques not yet presented – M Raja (1)	2 700 (1)
	(240)
Amounts not yet credited – Cash sales (1)	1 560 (1)
Balance on bank statement	<u>(1 800) (1)</u>

[6]

(c)

Aireville Limited Statement of Changes in Equity for the year ended 31 December 2015					
	Ordinary share capital \$	General reserve \$	Retained earnings \$	Total \$	
On 1 January 2015	300 000	24 000	45 000	369 000	(1)
Share issue	50 000			50 000	(1)
Profit for the year			49 000	49 000	(1)
Dividend paid (for 2014)			(25 000)	(25 000)	(1)
Dividend paid (for 2015)			(15 000)	(15 000)	(1)
Transfer to general reserve		10 000	(10 000)		(1)
On 31 December 2015	350 000	34 000	44 000	428 000	(1of)

[7]

- (d) Prior claim on the profits of the company  
Interest must be paid irrespective of whether there is a profit  
Prior claim on the assets of the company in a winding-up  
Funds must be available when repayment is due

**Or other relevant point**

**Any 2 points (1) each**

[2]

[Total: 19]

3 (a)

Daksha			
Statement of Affairs at 31 January 2016			
Assets	\$	\$	\$
Non-current assets	Cost	Depreciation to date	Book value
Premises	90 000		90 000 (1)
Fixtures and fittings	27 200	5 440 (1)	21 760 (1of)
Motor vehicle	8 000	1 600 (1)	6 400 (1of)
	<u>125 200</u>	<u>7 040</u>	<u>118 160</u>
Current assets			
Inventory			3 300 (1)
Trade receivables		3 900	
Less Provision for doubtful debts		117 (1)	3 783 (1)
Other receivables			327 (1)
Petty cash			100 (1)
			<u>7 510</u>
Total assets			<u>125 670</u>
Capital and liabilities			
Capital			
Balance			93 200 (1of)
Non-current liabilities			
Loan			30 000 (1)
Current liabilities			
Trade payables			1 950 (1)
Other payables			160 (1)
Bank overdraft			360 (1)
			<u>2 470</u>
Total liabilities			<u>125 670</u>

[15]

(b)

Daksha					
Capital account					
\$			\$		
2016			2015		
Jan 31	Drawings	4 200 (1)	Feb 1	Balance	97 200 (1)
	Loss for year	11 800 (1of)	2016		
	Balance c/d	93 200 (1of)	Jan 31	Bank/Cash	12 000 (1)
		<u>109 200</u>			<u>109 200</u>
			2016		
			Feb 1	Balance b/d	93 200

[5]

[Total: 20]

4 (a)

Lodi Sports Club  
Receipts and Payments Account for the year ended 31 January 2016

		\$		\$
2016			2015	
Jan 31	Subscriptions	14 700 (1)	Feb 1	Balance b/d
	Sale of equipment	275 (1)	2016	
	Balance c/d	739	Jan 31	Rent
				General expenses
				Insurance
				Equipment
				Bank loan
				Bank interest
		15 714		15 714
			2016	
			1 Feb	Balance b/d
				739 (1of)
				[9]

- (b)  $150 (1) \times \$100 (1) = \$15\ 000$   
**OR**  $(\$14\ 700 - (\$200 + \$500)(1) + \$1000 (1)) = \$15\ 000$   
**OR**  $\$14\ 000 (1) + \$1000 (1) = \$15\ 000$  [2]

(c)

	Statement of financial position	
	section	amount (\$)
Bank loan	Non-current liabilities (1)	3750 (1)
Interest on bank loan	Current liabilities (1)	50 (1)
Rent	Current assets (1)	300 (1)

[6]

[Total: 17]

5 (a)

Mohan			
Motor vehicles account			
		\$	\$
2014			
Jan 1	Balance b/d		Dec 31 Balance c/d
	A – 12 000		40 000
	B – <u>13 000</u>	25 000	
July 1	Bank C	<u>15 000 (1)</u>	
		<u>40 000</u>	<u>40 000</u>
2015			
Jan 1	Balance b/d		2015 Dec 31 Balance c/d
	A – 12 000		40 000
	B – 13 000		
	C – <u>15 000</u>	<u>40 000 (1)</u>	
		<u>40 000</u>	<u>40 000</u>
2016			
Jan 1	Balance b/d		
	A – 12 000		
	B – 13 000		
	C – <u>15 000</u>	40 000 (1)	

  

Provision for depreciation of motor vehicles account			
		\$	\$
2014			
Dec 31	Balance c/d	17 600	2014 Jan 1 Balance b/d
			A – 7 200
			B – <u>3 900</u>
			11 100
			2014 Dec 31 Income statement
			A – 2 400 (1)
			B – 2 600 (1)
			C – <u>1 500 (1)</u>
		<u>17 600</u>	<u>6 500</u>
			<u>17 600</u>
2015			
Dec 31	Balance c/d	25 600	2015 Jan 1 Balance b/d
			A – 9 600
			B – 6 500
			C – <u>1 500</u>
			17 600 (1of)
			2015 Dec 31 Income statement
			A – 2 400}
			B – 2 600}(1)
			C – <u>3 000 (1)</u>
		<u>25 600</u>	<u>8 000</u>
			<u>25 600</u>
			2016 Jan 1 Balance b/d
			A – 12 000
			B – 9 100
			C – <u>4 500</u>
			25 600 (1of)

+ (1) dates

[11]

(b)

Mohan  
Extract from Statement of Financial Position at 31 December 2015

Non-current assets	Cost	Accumulated depreciation	Book value
	\$	\$	\$
Motor vehicles	40 000 <b>of</b>	25 600 <b>(1of)</b>	14 400 <b>(1of)</b>

(c) 3900 (1)  
+ 2600 of}  
2600 of (1)  
9100 of

[2]

(d)

	account debited	account credited
transferring the original cost of the motor vehicle from the asset account	Disposal (1)	Motor vehicles (1)
transferring the accumulated depreciation on the motor vehicle from the provision account	Provision for depreciation of motor vehicles (1)	Disposal (1)
recording the proceeds of sale of the motor vehicle	Cash (1)	Disposal (1)

[6]

[Total: 21]



6 (a)

Ratio	Annie	
Rate of inventory turnover to <b>two</b> decimal places	7.26 times	(2)
Percentage of profit for the year to capital employed (ROCE) (to <b>two</b> decimal places)	4.13%	(2)
Trade receivables collection period (rounded up to the next whole day)	40 days	(2)

Calculations to show the breakdown of marks:

Rate of inventory turnover

$$\frac{30\,500}{(3\,600 + 4\,800) \div 2} \text{ (1) whole formula} = 7.26 \text{ times (1)}$$

Percentage of profit for the year to capital employed

$$\frac{3\,800}{92\,000} \text{ (1)} \times \frac{100}{1} = 4.13\% \text{ (1)}$$

Trade receivables collection period

$$\frac{4\,350}{40\,000} \times \frac{365}{1} \text{ (1) whole formula} = 39.69 = 40 \text{ days (1)} \quad [6]$$

(b) Different type of goods (1)

**EITHER** Food has a lower gross profit margin than clothing (1)

**OR** The food store is cutting prices to sell more goods (1) [2]

(c) Total revenue from sales may increase so profit may increase (1)

Customers may look for cheaper suppliers, so profits may actually fall (1) [2]

(d) Mark and Tony (1)

Annie's expenses/revenue is 14.25%: Mark and Tony's ratio is 5.15% (1) [2]

(e) Different type of goods (1)

**EITHER** Food sells more quickly than clothing (1)

**OR** Food is in greater demand than clothing

**OR** Food store will probably have a lower value of inventory

**OR** Food is cheaper than clothing (1) [2]

(f) **EITHER** Reduce inventory levels (1)

**OR** Increase sales activity (1) [1]

(g) Increase profit for the year/increase efficiency/use resources more effectively

Reduce long term liabilities

**Any 1 (1)** [1]

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**(h) Mark and Tony (1) OF**

They take an average of 34 days to collect debts whereas Annie takes an average of 40 days **(1) OF**

**[2]**

**(i) The businesses should be of approximately the same size/same capital**

- The results are for one year only and will not show trends
- The financial year may end at different times of the trading cycle
- The businesses may operate different accounting policies
- The businesses may have different types of expenses
- The statements do not show non-monetary factors
- It may not be possible to obtain all the information needed to make comparisons

**Or other valid points**

**Any 2 (1) each**

**Not the following which are given in the question**

Type of goods

Type of business (sole trader/partnership)

Life of business

**[2]**

**(j)**

	Increase	Decrease	No effect
Create a provision for doubtful debts		✓(1)	
Delay payments to credit suppliers			✓(1)
Obtain a long term loan	✓(1)		
Obtain permission from the bank to increase the overdraft			✓(1)

**[4]**

**[Total: 24]**