

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
International General Certificate of Secondary Education

## **MARK SCHEME for the May/June 2013 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.

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- 1 (a) To record small cash payments  
Removes small cash payments from the main cash book  
Reduces the number of entries in the main cash book  
Reduces the number of entries in the ledger  
Allows the chief cashier to delegate some of the work  
Provides training for any junior staff members
- Any 2 points (1) each** [2]
- (b) Chief cashier knows exactly how much is spent in each month/can control expenditure of petty cash  
The cash remaining and the vouchers received should equal the imprest  
Can help reduce fraud
- Any 1 advantage (1)** [1]
- (c) **See following page** [12]
- (d) At the month end (1) the totals debited to postage account (1) [2]
- (e) Cheques not presented  
Amounts not credited  
Cash book errors
- Any 2 items (1) each** [2]
- (f) Standing orders  
Direct debits  
Credit transfers  
Dishonoured cheques  
Bank charges/interest  
Bank errors
- Any 2 items (1) each** [2]
- [Total: 21]

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**Question 1 (c)**Annie Rongsen – Petty Cash Book

Total received	Date	Details	Total paid	Postage	Travel	Sundries	Ledger accounts
\$	2013		\$	\$	\$	\$	\$
23	Mar 1	Balance b/d					
67 (1)		Bank/cash					
	4	Postages	19	19 (1)			
	8	Taxi fares	16		16 (1)		
20 (1)	13	Loan repayment					
	19	Parcel post	4	4 (1)			
	23	R Singh	24				24 (1)
	29	Window Cleaner	12			12 (1)	
			75	23	16	12	24
	31	Balance c/d	35				
110			110				
35 (1) OF	Apr 1	Balance b/d					
55 (1) OF		Bank/cash					

**(1) Dates****(1) OF totals of analysis columns****(1) OF totals and total columns****[12]**

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2 (a)

Ashraf Zayed  
Income statement for the year ended 28 February 2013

	\$	\$
Revenue		323 000 (1)
Cost of sales		
Cost of production	267 100 (1)	
Purchases of finished goods	4 300 (1)	
	271 400	
Less Closing inventory finished goods	19 600 (1)	251 800
Gross profit		71 200 (1) OF

**Horizontal format acceptable** [5]

- (b) Production did not meet demand  
It was cheaper to buy rather than make  
Could not make those particular items  
Not economical to make such a small amount

**Any 2 reasons (1) each** [2]

(c)

Ashraf Zayed Journal			
	Debit \$	Credit \$	
Income statement	1130		(1)
Carriage outwards		1130	(1)
Transfer of carriage outwards to income statement			(1)
Income statement	600		(1)
Provision for doubtful debts		600	(1)
Creation of provision for doubtful debts			(1)

[6]

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(d)

Ashraf Zayed Motor insurance account			
	\$		\$
2012		2013	
Jun 1 Bank	720 (1)	Feb 28 Drawings	360 (1)
		Income statement	270 (1)
		<b>OF</b>	
		Balance c/d	90
	720		720
2013			
Mar 1 Balance b/d	90 (1) <b>OF</b>		

**+ (1) Dates****Accept three column running balance presentation [5]**

- (e) The accruals (matching) principle requires the revenue of the accounting period to be matched against the costs of the same period. (1)  
The insurance relating to the financial year ended 28 February 2013 has been transferred to the income statement. (1) [2]

(f)

	Overstated \$	Understated \$
Profit of the year ended 28 February 2013	270 (2) <b>O/F</b>	.....

[2]

- (g) Applying the business (accounting entity) principle the business is treated as being completely separate from the owner. (1)  
Only the transactions of the business are recorded in the business' books. (1) [2]

**[Total: 24]**

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3 (a)

Sanath Jaffer  
Trial Balance at 31 January 2013

	Debit \$	Credit \$	
Capital		53 000	
Drawings	6 100		
Revenue		66 000	
Purchases	43 350		
Purchases returns		1 150	
Inventory	3 700		(2)
Bank overdraft		3 050	(2)
Trade receivables	5 320		
Trade payables		3 450	
General expenses	17 850		
Non-current assets	50 400		
Suspense (1)		70	(1) OF
	126 720	126 720	(1) CF

[7]

(b)

	Debit			Credit		
	Account	\$		Account	\$	
(ii)	General expenses	400	(1)	Non-current assets	400	(1)
(iii)	-	-	(1)	Suspense	80	(1)
(iv)	Suspense	100	(1)	Purchases returns	100	(1)
(v)	Suspense	50	(1)	General expenses	50	(1)

[8]

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**(c) Either**Error number (i) **(1)**

Reasons it is an error or omission

Neither a debit nor a credit entry has been made so the books balance

**Any 1 reason (1)****Or**Error number (ii) **(1)**

Reason it is an error of principle

A double entry has been made but in the wrong class of account.

**Any 1 advantage (1)****[2]****(d) Money measurement****[1]****(e) Realisation****[1]****(f) (i)** Work can be shared amongst several people

Easier for reference as the same types of account are kept together

Easier to introduce checking procedures

Make fraud more difficult

**Any 1 advantage (1)****[1]****(ii) 1** Any non-current asset, inventory, capital, drawings, loan, sales, purchases, returns, expenses, incomes, etc. **(1)****2** Credit customers/debtors/trade receivables **(1)****3** Credit suppliers/creditors/trade payables **(1)****[3]****[Total: 23]**

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4 (a) Sildean Ltd  
Calculation of retained profit for the year ended 30 April 2013

	\$	\$
Profit for the year		24 800
Less Debenture interest		<u>1 600 (1)</u>
		23 200
Less Interim ordinary share dividend	14 000 (1)	
Transfer to general reserve	<u>5 000 (1)</u>	<u>19 000</u>
Profit retained in the year		<u>4 200 (1) CF</u>

**Alternative forms of presentation acceptable**

[4]

(b) Sildean Ltd  
Balance Sheet at 30 April 2013

	\$	\$	\$
	Cost	Depreciation to date	Book value
Non-current assets	<u>206 000</u>	<u>12 500</u>	193 500
Current assets			
Inventory		16 300}	
Petty cash		200}(1)	
Trade receivables	15 400		
Provision for doubtful debts	<u>462</u>	<u>14 938 (1)</u>	
		31 438	
Current liabilities			
Trade payables	14 156}		
Bank overdraft	7 982}(1)		
Other payables (deb. int.)	<u>1 600 (1)</u>	<u>23 738</u>	
Net current assets			<u>7 700</u>
4% Debentures			201 200
			<u>40 000 (1)</u>
			<u>161 200</u>
Capital and reserves			
Ordinary shares of \$0.50 each			140 000 (1)
General reserve (10 000 (1) + 5000(1))			15 000
Retained profits (2000 (1) + 4200 (1)OF)			<u>6 200</u>
			<u>161 200</u>

**Horizontal format acceptable**

[10]



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- (c) (i)  $31.438 \text{ (OF)} : 23\,738 \text{ (OF)} \text{ (1)}$   
 $1.32 \text{ (1) OF}$  [2]
- (ii)  $(31\,438 \text{ (OF)} - 16\,300) : 23\,738 \text{ (OF)} \text{ (1)}$   
 $0.64 \text{ (1) (OF)}$  [2]
- (iii) Shows whether the company can pay its immediate (current) liabilities from the liquid assets (current assets less inventory) (1)  
 Indication of the liquidity of the company (1)  
**Or suitable answer based on O/F answer to (ii)** [2]
- (iv) Issue additional shares  
 Issue additional debentures  
 Obtain long term loan  
 Sell surplus non-current assets  
 Reduced dividends paid  
 Reduce inventory level  
**Any 2 points (1) each** [2]
- (d) Ordinary shareholders are members of the company  
 Ordinary shares carry voting rights  
 Ordinary shareholders receive a dividend  
 Ordinary share dividend is a share of the profit  
 Ordinary share dividend is variable  
 Ordinary share dividend is paid after any dividend on preference shares  
 Ordinary shareholders are repaid last in the event of a winding up  
**Any 2 features (1) each** [2]
- (e) Debentures are loans  
 Debenture holders are not members of the company  
 Debentures do not carry voting rights  
 Debentures carry a fixed rate of interest  
 Debenture interest is not dependent on the company's profit  
 Debentures are often secured on the assets of the company  
 Debentures holders are repaid before the shareholders in the event of a winding up  
**Any 2 features (1) each** [2]

[Total: 26]

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- 5 (a) Tom and Gill Kayumba  
Statement of corrected profit for the year ended 31 March 2013

	\$	\$
Profit for the year		22 500
Add Advertising prepaid	600 (2)	
Goods taken for own use	1 000 (2)	
Motor vehicle expenses accrued	<u>320 (2)</u>	<u>1 920</u>
		24 420
Less Stationery purchased		<u>260 (2)</u>
Corrected profit for the year		<u>24 160 (1) O/F</u>

**Alternative forms of presentation acceptable**

**[9]**

- (b) Tom and Gill Kayumba  
Statement of corrected profit for the year ended 31 March 2013

	\$	\$
Corrected profit for the year		24 160 (1) O/F
Interest on drawings		
Tom Kayumba	1 040}	
Gill Kayumba	<u>1 300}(1)</u>	<u>2 340</u>
		26 500
Interest on capital		
Tom Kayumba		
5% × 60 000 × 6 mths	1 500 (1)	
5% × 80 000 × 6 mths	<u>2 000 (1)</u>	
	3 500	
Gill Kayumba		
5% × 40 000	<u>2 000 (1)</u>	
	5 500	
Partnership salary		
Gill Kayumba		
(5000 (1) + 7000 (1))	<u>12 000</u>	<u>17 500</u>
Residual profit		9 000
Share of profit		
Tom Kayumba		
2000 (1) +		
(½ × 7000) (1) OF	5 500	
Gill Kayumba		
½ × 7000 (1) OF	<u>3 500</u>	<u>9 000</u>

**Horizontal format acceptable**

**[10]**

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- (c) (i) To reward the partner investing more capital  
To encourage partners to invest in the business

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

- (ii) To discourage the partners from making drawings  
To discourage drawings early in the financial year  
To help the cash flow of the business

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

- (d) Selling goods at higher prices  
Purchasing goods at lower prices  
Change in proportions of different goods

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

- (e) Year ended 31 March 2012 (1)

The expenses/revenue were 11.90% in 2012 and 14.30% in 2013 (1)  
Although the profit for the year/revenue was higher in 2013 this was caused by an increase  
in gross profit/revenue (1) [3]

**[Total: 26]**