



**Cambridge International Examinations**  
Cambridge International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/22**

Paper 22

**March 2017**

MARK SCHEME

Maximum Mark: 120

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**Published**

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 March 2017 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks																																																																																																																								
1(a)	<p style="text-align: center;">Mandeep – Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">Discount allowed</th> <th style="width: 10%;">Cash</th> <th style="width: 10%;">Bank</th> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">Discount received</th> <th style="width: 10%;">Cash</th> <th style="width: 10%;">Bank</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td>2016</td> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Dec 1</td> <td>Balance b/d</td> <td></td> <td style="text-align: right;">150</td> <td></td> <td>Dec 1</td> <td>Balance b/d</td> <td></td> <td></td> <td style="text-align: right;">2590</td> </tr> <tr> <td>11</td> <td>Jabin (1)</td> <td style="text-align: right;">6</td> <td></td> <td style="text-align: right;">294</td> <td>4</td> <td>Repairs (1)</td> <td></td> <td></td> <td style="text-align: right;">387</td> </tr> <tr> <td>27</td> <td>Sales (1)</td> <td></td> <td style="text-align: right;">6795</td> <td></td> <td>15</td> <td>Rama (1)</td> <td style="text-align: right;">18</td> <td></td> <td style="text-align: right;">702</td> </tr> <tr> <td>31</td> <td>Cash c (1)OF</td> <td></td> <td></td> <td style="text-align: right;">1745</td> <td>29</td> <td>Drawings (1)</td> <td></td> <td style="text-align: right;">5000</td> <td></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td></td> <td></td> <td style="text-align: right;">1640</td> <td>31</td> <td>Bank c (1)</td> <td></td> <td style="text-align: right;">1745</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td></td> <td style="text-align: right;">200</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black; text-align: right;">6</td> <td style="border-top: 1px solid black; text-align: right;">6945</td> <td style="border-top: 1px solid black; text-align: right;">3679</td> <td></td> <td></td> <td style="border-top: 1px solid black; text-align: right;">18</td> <td style="border-top: 1px solid black; text-align: right;">6945</td> <td style="border-top: 1px solid black; text-align: right;">3679</td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td></td> <td style="text-align: right;">200</td> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td></td> <td></td> <td style="text-align: right;">1640</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> </tbody> </table> <p><b>+(1) dates</b></p>	Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank	2016		\$	\$	\$	2016		\$	\$	\$	Dec 1	Balance b/d		150		Dec 1	Balance b/d			2590	11	Jabin (1)	6		294	4	Repairs (1)			387	27	Sales (1)		6795		15	Rama (1)	18		702	31	Cash c (1)OF			1745	29	Drawings (1)		5000			Balance c/d			1640	31	Bank c (1)		1745								Balance c/d		200				6	6945	3679			18	6945	3679	2017					2017					Jan 1	Balance b/d		200		Jan 1	Balance b/d			1640				(1)						(1)OF	<b>10</b>
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	Rent receivable account				
	\$				
	2016 Dec 31 Income Statement	\$  5 520 (1) <u>5 520</u>	2016 Jan 1 Total receipts Dec 31 Balance c/d	\$  5 060 460 <u>5 520</u>	
	2017 Jan 1 Balance b/d	460 (1)			
	Drawings account				
	\$				
	2016 Dec 31 Total drawings	\$  8 950 <u>8 950</u>	2016 Dec 31 Capital	\$  8 950 (1) <u>8 950</u>	
	Capital account				
	\$				
	2016 Dec 31 Drawings Balance c/d	\$  8 950 (1) 91 650 <u>100 600</u>	2016 Jan 1 Balance b/d Dec 30 Motor vehicle 31 Profit for year	\$  63 000 16 000 (1) 21 600 (1) <u>100 600</u>	
			2017 Jan 1 Balance b/d	91 650 (1)OF	

Question	Answer	Marks
2(a)(i)	A statement in which the profit or loss for the year is calculated	1
2(a)(ii)	A statement showing the assets and liabilities of a business on a certain date	1
2(a)(iii)	Assets which are purchased for use not for resale Assets whose values do not fluctuate frequently Assets which will be kept by the business for more than 12 months Assets which are acquired to aid the business earn revenue <b>Any two statements (1) each</b>	2
2(a)(iv)	Liabilities which are not due for repayment within 12 months	1
2(a)(v)	<b>Either</b> The amount the business owes the owner of that business <b>Or</b> Any resources provided for a business by the owner of that business	1
2(b)	Goodwill/patents/trademarks/other suitable example	1
2(c)	The current assets are more than three times the current liabilities/it is much higher than the “benchmark” of 2 : 1 The current liabilities can easily be paid from the current assets Funds are not being used very effectively <b>Any two comments (1) each</b>	2
2(d)	Inventory is excluded from the calculation of the quick ratio <b>(1)</b> <b>Either</b> Inventory is not regarded as a liquid asset <b>(1)</b> <b>Or</b> The ratio shows whether the business would have surplus liquid funds if the current liabilities were paid immediately from the liquid assets <b>(1)</b>	2
2(e)	Introduce more cash as capital Obtain long term loans Sell surplus non-current assets Reduce drawings Reduce inventory level <b>Any two points (1) each</b>	2

<b>Question</b>	<b>Answer</b>	<b>Marks</b>
2(f)(i)	Transactions are recorded at actual cost <b>(1)</b> It is difficult to compare transactions taking place at different times <b>(1)</b>	<b>2</b>
2(f)(ii)	Only information which was be expressed in monetary terms is recorded <b>(1)</b> Many important factors which affect the business are not recorded <b>(1)</b>	<b>2</b>

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3(a)	<p style="text-align: center;">Doshi Manufacturing Company Manufacturing Account for the year ended 31 January 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Cost of materials consumed</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory of raw materials</td> <td></td> <td style="text-align: right;">49 500</td> <td></td> <td></td> </tr> <tr> <td>Purchases of raw materials</td> <td style="text-align: right;">394 600</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Less Purchases returns</td> <td style="text-align: right;"><u>16 400</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Closing inventory of raw materials</td> <td></td> <td></td> <td style="text-align: right;"><u>41 100</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">386 600</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Direct factory wages</td> <td></td> <td></td> <td style="text-align: right;"><u>297 100</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Prime cost</td> <td></td> <td></td> <td style="text-align: right;">683 700</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Factory overheads</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Factory supervisors' wages (152 000 (1) + 12 000 (1))</td> <td></td> <td style="text-align: right;">164 000</td> <td></td> <td></td> </tr> <tr> <td>General expenses (3/5 × 160 000)</td> <td></td> <td style="text-align: right;">96 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Depreciation factory machinery (20% × (250 000 – 122 000))</td> <td></td> <td style="text-align: right;">25 600</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Depreciation loose tools (21 150 – 19 050)</td> <td></td> <td style="text-align: right;"><u>2 100</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>287 700</u></td> <td></td> </tr> <tr> <td>Opening work in progress</td> <td></td> <td></td> <td style="text-align: right;">971 400</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>28 750</u></td> <td style="text-align: right;">*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">1 000 150</td> <td></td> </tr> <tr> <td>Closing work in progress</td> <td></td> <td></td> <td style="text-align: right;"><u>31 250</u></td> <td style="text-align: right;">*(1) both</td> </tr> <tr> <td>Cost of production</td> <td></td> <td></td> <td style="text-align: right;"><u>968 900</u></td> <td style="text-align: right;">(1)OF</td> </tr> </tbody> </table>		\$	\$	\$		Cost of materials consumed					Opening inventory of raw materials		49 500			Purchases of raw materials	394 600				Less Purchases returns	<u>16 400</u>				Closing inventory of raw materials			<u>41 100</u>					386 600	(1)OF	Direct factory wages			<u>297 100</u>	(1)	Prime cost			683 700	(1)OF	Factory overheads					Factory supervisors' wages (152 000 (1) + 12 000 (1))		164 000			General expenses (3/5 × 160 000)		96 000		(1)	Depreciation factory machinery (20% × (250 000 – 122 000))		25 600		(1)	Depreciation loose tools (21 150 – 19 050)		<u>2 100</u>		(1)				<u>287 700</u>		Opening work in progress			971 400	(1)OF				<u>28 750</u>	*				1 000 150		Closing work in progress			<u>31 250</u>	*(1) both	Cost of production			<u>968 900</u>	(1)OF	12
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4(b)	Lahiru has returned goods to Nusrath <b>(1)</b> Credit purchases returns (returns outwards) account <b>(1)</b>	2																
4(c)(i)	2½%	1																
4(c)(ii)	Prompt payment/payment within the specified period	1																
4(d)	Set off the amount Lahiru owes Nusrath against the amount Nusrath owes Lahiru/other suitable explanation	1																
4(e)	<p style="text-align: center;">Nusrath Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Debit \$</th> <th style="text-align: center;">Credit \$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Lahiru (purchases ledger)</td> <td style="text-align: center;">68</td> <td></td> <td style="text-align: center;"><b>(1)</b></td> </tr> <tr> <td>    Lahiru (sales ledger)</td> <td></td> <td style="text-align: center;">68</td> <td style="text-align: center;"><b>(1)</b></td> </tr> <tr> <td>Contra entry to set balance in purchases ledger against balance in sales ledger</td> <td></td> <td></td> <td style="text-align: center;"><b>(1)</b></td> </tr> </tbody> </table>		Debit \$	Credit \$		Lahiru (purchases ledger)	68		<b>(1)</b>	Lahiru (sales ledger)		68	<b>(1)</b>	Contra entry to set balance in purchases ledger against balance in sales ledger			<b>(1)</b>	3
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4(f)(i)	\$564	1																
4(f)(ii)	Current assets	1																

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5(g)	Increase selling price Reduce trade discount allowed to customers Reduce purchase price Find cheaper supplier Obtain better trade discount <b>Any 2 comments (1) each</b>	2												

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