

**CAMBRIDGE INTERNATIONAL EXAMINATIONS****Cambridge International General Certificate of Secondary Education****MARK SCHEME for the May/June 2015 series****0452 ACCOUNTING****0452/21**

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

[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<br>10 (1) | 2015<br>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)          |
|                  |               |                       | 88         |         |            |                  |                 |
|                  | 30            | Balance c/d           | 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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- |          |            |                                                                                                     |                  |            |
|----------|------------|-----------------------------------------------------------------------------------------------------|------------------|------------|
| <b>2</b> | <b>(a)</b> | <b>(i)</b>                                                                                          | 15% <b>(1)</b>   |            |
|          |            | <b>(ii)</b>                                                                                         | \$187 <b>(1)</b> |            |
|          |            | <b>(iii)</b>                                                                                        | \$217 <b>(1)</b> | <b>[3]</b> |
|          | <b>(b)</b> | Jai Kapur <b>(1)</b>                                                                                |                  | <b>[1]</b> |
|          | <b>(c)</b> | Goods returned<br>Overcharge<br>Allowance for faulty/damaged goods<br><br>Any one reason <b>(1)</b> |                  | <b>[1]</b> |
|          | <b>(d)</b> | Debit note <b>(1)</b>                                                                               |                  | <b>[1]</b> |

(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) |

- | (f)     |                  | Vijay Singh                  |          |          |                  |             |     |
|---------|------------------|------------------------------|----------|----------|------------------|-------------|-----|
|         |                  | Sales ledger control account |          |          |                  |             |     |
|         |                  | \$                           |          |          | \$               |             |     |
| 2015    |                  |                              |          | 2015     |                  |             |     |
| April 1 | Balance b/d      | 475                          | (1)      | April 30 | Sales returns    | 46          | (1) |
| 30      | Sales            | 590                          | (1)      |          | Bank             | 387         | (1) |
|         | Bank (dis. chq.) | 26                           | (1)      |          | Discount allowed | 13          | (1) |
|         | Interest         | 8                            | (1)      |          | Bad debt         | 32          | (1) |
|         | Balance c/d      | 21                           |          |          | Contra           | 150         | (1) |
|         |                  |                              |          |          | Balance c/d      | 492         |     |
|         |                  | <u>1120</u>                  |          |          |                  | <u>1120</u> |     |
| 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<br>to date       | Book<br>value                 |
|-----------------------------------|------------------|-------------------------------|-------------------------------|
|                                   | \$               | \$                            | \$                            |
| Machinery                         | 28 600           | 11 440 <b>(1)</b>             | 17 160 <b>(1 o.f.)</b>        |
| Motor vehicles                    | <u>24 000</u>    | <u>13 875</u> <b>(1)</b>      | <u>10 125</u> <b>(1 o.f.)</b> |
|                                   | <u>52 600</u>    | <u>25 315</u>                 | <u>27 285</u>                 |
| Inventory                         |                  | 6 750 <b>(1)</b>              |                               |
| Trade receivables                 | 7 800 <b>(1)</b> |                               |                               |
| Less Provision for doubtful debts | <u>156</u>       | 7 644 <b>(1)</b>              |                               |
| Other receivables                 |                  | <u>101</u> <b>(1)</b>         | <u>14 495</u>                 |
|                                   |                  |                               | <u>41 780</u>                 |
| Liabilities                       |                  |                               |                               |
| Long-term loan                    |                  |                               | 10 000 <b>(1)</b>             |
| Trade payables                    |                  | 8 100 <b>(1)</b>              |                               |
| Bank overdraft                    |                  | <u>4 080</u> <b>(1)</b>       | <u>12 180</u>                 |
|                                   |                  |                               | 22 180                        |
| Capital                           |                  | <u>19 600</u> <b>(1 o.f.)</b> |                               |
|                                   |                  | <u>41 780</u>                 |                               |

**Any suitable format acceptable**

[12]

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(b)

Malala Khan  
Capital account

|        |               | \$            |                    |                | \$            |
|--------|---------------|---------------|--------------------|----------------|---------------|
| 2015   |               |               | 2014               |                |               |
| May 31 | Drawings      | 1 990         | (1)                | June 1 Balance | 20 000 (1)    |
|        | Drawings      | 420           | (1)                | 2015           |               |
|        | Loss for year | 2 990         | (1 o.f.)           | Jan 1 Bank     | 5 000 (1)     |
|        | Balance c/d   | <u>19 600</u> | (1 o.f.)           |                | <u>25 000</u> |
|        |               | <u>25 000</u> |                    |                |               |
|        |               |               | 2015               |                |               |
|        |               |               | June 1 Balance b/d |                | 19 600        |

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

(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)  $\frac{7350}{71500} \times \frac{365}{1} = 38 \text{ days}$  **(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]**