

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

Paper 2, maximum raw mark 120

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1 (a)

Shahid Ayub
Cash Book

Date	Details	Discount Allowed	Cash	Bank	Date	Details	Discount Received	Cash	Bank
2015 Aug 1	Balance b/d (1)	\$	\$ 50	\$	2015 Aug 1	Balance b/d	\$	\$	\$ 7150
24	Mariam Soliman (1)	13		507	9	El Nil Supply Company (dis cheque) (1)			362
30	Sales (1)		3224		18	Drawings (1)			54
31	Cash c (1)OF			3174	31	Bank c (1)		3174	
	Balance c/d			3885		Balance c/d		100	
		13	3274	7566				3274	7566
2015 Sept 1	Balance b/d				2015 Sept 1	Balance b/d			3885 (1)OF
			100 (1)						

+ (1) dates

[9]

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(b) (i) \$316 (1)

(ii) Mariam Soliman (1)

[2]

(c)

Transaction	Document	Book of prime (original) entry
August 9 Goods	Sales invoice (1)	Sales Journal (1)
13 Returns	Credit note (1)	Sales Returns Journal (1)
24 Payment	Cheque (OR Paying in book) (1)	Cash book (1)

[6]

(d)

Mariam Soliman
Shahid Ayub Account

	\$		\$
2015		2015	
Aug 13 Returns	24 (1)	Aug 1 Balance b/d	520
24 Bank/Cash	507 (1)	9 Purchases	340 (1)
Discount	13 (1)		
31 Balance c/d	316		
	<u>860</u>		<u>860</u>
		2015	
		Sept 1 Balance b/d	316 (1)O/F

Three column running balance presentation acceptable

+(1) for dates

[6]

[Total: 23]

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2 (a)

Grace Zindi
Income Statement for the year ended 31 July 2015

	\$	\$
Income from Clients (28 500 (1) + 3400 (1))		31 900
Commission receivable (7600 (1) + 250 (1))		7 850
		<u>39 750</u>
Wages	21 600 (1)	
Rates and Insurance ((3900 (1) – 300 (1)) × $\frac{3}{4}$ (1))	2 700	
General Expenses	990 (1)	
Heat and Light	710 (1)	
Provision for Doubtful Debts (1% × 3400)	34 (1)	
Depreciation motor vehicles (12 500 – 4500 (1) × 20% (1))	1 600	
Depreciation office equipment (11 400 + 6900 (1) – 14 500 (1))	<u>3 800</u>	<u>31 434</u>
Profit for the year		<u>8 316</u> (1)OF
		[16]

(b)

Grace Zindi
Capital Account

	\$		\$
2015 31 July	15 500 (1)	2014 1 Aug	85 000 (1)
Cash/Drawings &		Balance	b/d
Rates &			
Insurance			
Drawings	900 (1)	31 July	Profit
Balance c/d	<u>76 916</u>		<u>8 316</u> (1)OF
	<u>93 316</u>		<u>93 316</u>
		2015 1 Aug	Balance
			b/d
			76 916 (1)OF

+(1) For dates

Three column running balance presentation acceptable

[6]

(c) Revenue for the year is matched against the costs of the same period (1)

Example

Either Insurance prepaid at year-end was deducted**Or** Commission receivable outstanding at year-end was added**Or** Amount owing from clients at year-end was added (1)

[2]

(d) The business is treated as being separate from the owner (1)

Example

The proportion of rates and insurance relating to the owner's flat was excluded from the business expenses (1)

[2]

[Total: 26]

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- 3**
- (a)** Physical deterioration
 Economic reasons
 Passage of time
 Depletion
Any 2 reasons (1) each [2]
- (b)** The depreciation is calculated on the net cost price **(1)** and the same amount is written off each year **(1)** [2]
- (c)** The same percentage is written off each year **(1)** but it is calculated on the net book value of the asset **(1)** [2]
- (d)** Ensures that non-current assets are shown at more realistic values **(1)**
 Ensures that the profit for the year is not overstated **(1)** [2]
- (e)** Accruals (matching) **(1)** [1]

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(f) (i)

Natasha Salim
Machinery Account

		\$				\$
2013				2014		
Oct 1	Bank	4 000	(1)	Sept 30	Balance c/d	10 000
2014						
Jan 1	ABC Machines	6 000	(1)			
		<u>10 000</u>				<u>10 000</u>
2014				2015		
Oct 1	Balance b/d	10 000	(1)OF	Feb 1	Disposal	4 000 (1)
		<u>10 000</u>		Sept 30	Balance c/d	6 000
						<u>10 000</u>
2015						
Oct 1	Balance b/d	6 000	(1)OF			

(ii)

Provisions for depreciation of machinery account

		\$				\$
2014				2014		
Sept 30	Balance c/d	2 000		Sept 30	Income Statement	
		<u>2 000</u>			800(1) + 1200 (1)	2 000
						<u>2 000</u>
2015				2014		
Feb 1	Disposal	800	(1)	Oct 1	Balance b/d	2 000 (1)OF
Sept 30	Balance c/d	2 160		2015		
		<u>2 960</u>		Sept 30	Income Statement	960 (1)
						<u>2 960</u>
				2015		
				Oct 1	Balance b/d	2 160 (1)OF (2)CF

Three column running balance presentation acceptable

[12]

(g)

	\$	
Proceeds of Sale	2 100	
Provision for depreciation	800	(1)OF
	<u>2 900</u>	
Less Cost Price	4 000	(1)
Profit/Loss (1) on disposal	<u>1 100</u>	(1)OF

Accept alternative formats

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[Total: 25]

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4 (a)

Moses and Tobias Lyambo
Corrected Statement of Financial Position at 31 October 2015

	\$	\$	\$	
Assets				
Non-current assets				
Premises at cost			80 000	
Fixtures and Equipment at book value (24 80 – 3100)			21 700	(1)
			<u>101 700</u>	(1)
Current Assets				
Inventory			6 950	
Trade Receivable	5 200			
Provision for doubtful debts	<u>130</u>	(1)	5 070	
Bank (1500 – 70)			1 430	(1)
Cash			500	(1)
			<u>13 950</u>	(1)OF
Total assets			<u>115 650</u>	
Capital and liabilities				
	M lyambo	T lyambo	Total	
Capital Accounts	<u>65 000</u>	<u>35 000</u>	100 000	(1)
Current Accounts				
Balance	(2 000)	3 500		(1)
Share of Profit	<u>9 000</u>	<u>9 000</u>		(1)
	7 000	12 500		
Drawings	<u>8 000</u>	<u>5 500</u>		(1)
	<u>1 000</u>	<u>7 000</u>	6 000	(1)OF
	(1)	(1)	<u>106 000</u>	(1)OF
Current liabilities				
Trade Payables			8 520	
Other Payables			1 130	(1)
			<u>9 650</u>	(1)
Total Liabilities			<u>115 650</u>	

Accept current account calculations outside statement

[16]

- (b) Introduce more capital
Obtain long-term loan
Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

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- (c) Introduce more capital
Obtain long-term loan
Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

(d)

	Increase	Decrease	No effect
Sale of surplus equipment	✓ (1)		
Delay payment to credit suppliers			✓ (1)
Paying surplus cash into bank			✓ (1)
Writing off a bad debt		✓ (1)	

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[Total: 24]

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5 (a)

Kelbrook Limited
Extract from Statement of Financial Position at 30 September 2015

	\$	
Equity and Reserves		
Ordinary Share Capital	90 000	(1)
General Reserve (4000 (1) + 2000 (1))	6 000	
Retained Earnings (5500 (1) + 2500 (1))	8 000	
	104 000	

[5]

(b)

Current ratio	
Workings $(5100 + 8500) : (6100 + 4300 + 1400)$ $13\,600 : 11\,800 \text{ (1)}$	Answer to two decimal places 1.15 : 1 (1)

Quick ratio	
Workings $8500 : (6100 + 4300 + 1400)$ $8500 : 11\,800 \text{ (1)}$	Answer to two decimal places 0.72 : 1 (1)

Return on capital employed (ROCE)	
Workings $\frac{9000}{90\,000 + 6000 + 8000} \times \frac{100}{1} \text{ (1)}$ OR $\frac{9000}{102\,200 + 13\,600 - 11\,800} \times \frac{100}{1} \text{ (1)}$	Answer to two decimal places 8.65% (1)

[6]

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- (c) Ratio has fallen
 Current assets only just cover the current liabilities
 May have problems in meeting debts when they fall due
 Is below the generally-accepted “benchmark”
Or other suitable comments based on answer to (b)
Any 2 points (1) each [2]
- (d) Change from positive bank balance to overdraft/increase in overdraft/reduction in bank balance
 Increased expenditure on inventory/increase in inventory
 Purchase of non-current assets
 Repayment of long-term loan
 Increase in current liabilities
 Decrease in trade receivables
Any 1 reason (1) [1]
- (e) Increase the profit
 Reduce the capital employed
Any 2 reasons (1) each [2]
- (f) (i) $\frac{8500}{45000} \times \frac{365}{1} (1) = 69 \text{ days } (1)$ [2]
- (ii) On average credit customers are taking 9 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)(i)
Any 2 points (1) each [2]
- (g) On average are taking 22 days more than is allowed to pay credit suppliers
 This may be caused by the credit customers taking too long to pay
 May result in further supplies being refused
Or other suitable points
Any 2 points (1) each [2]

[Total: 22]