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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CAMBRIDGE
International Examinations

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]

(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	(2 940)	**(1of)**

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	(1 800)	**(1)**

[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)**
	125 200	7 040	118 160
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)**
			7 510
Total assets			125 670
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)**
			2 470
Total liabilities			125 670

[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)**
		109 200			109 200
			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	210	
	Sale of equipment	275	**(1)**	2016			
	Balance c/d	739		Jan 31	Rent	3 900	**(1)**
					General expenses	1 454	**(1)**
					Insurance	1 550	**(1)**
					Equipment	7 200	**(1)**
					Bank loan	1 250	**(1)**
					Bank interest	150	**(1)**
		15 714				15 714	
				2016			
				1 Feb	Balance b/d	739	**(1of)**

[9]

(b) 150 **(1)** × $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			2014		
Jan 1	Balance b/d		Dec 31	Balance c/d	40 000
	A – 12 000				
	B – 13 000	25 000			
July 1	Bank C	15 000 **(1)**			
		40 000			40 000
2015			2015		
Jan 1	Balance b/d		Dec 31	Balance c/d	40 000
	A – 12 000				
	B – 13 000				
	C – 15 000	40 000 **(1)**			
		40 000			40 000
2016					
Jan 1	Balance b/d				
	A – 12 000				
	B – 13 000				
	C – 15 000	40 000 **(1)**			

Provision for depreciation of motor vehicles account

		$			$
2014			2014		
Dec 31	Balance c/d	17 600	Jan 1	Balance b/d	
				A – 7 200	
				B – 3 900	11 100
			Dec 31	Income statement	
				A – 2 400 **(1)**	
				B – 2 600 **(1)**	
				C – 1 500 **(1)**	6 500
		17 600			17 600
2015			2015		
Dec 31	Balance c/d	25 600	Jan 1	Balance b/d	
				A – 9 600	
				B – 6 500	
				C – 1 500	17 600 **(1of)**
			Dec 31	Income statement	
				A – 2 400 **}**	
				B – 2 600 **}(1)**	
				C – 3 000 **(1)**	8 000
		25 600			25 600
			2016		
			Jan 1	Balance b/d	
				A –12 000	
				B – 9 100	
				C – 4 500	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 **of**	25 600 **(1of)**	14 400 **(1of)**

(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 **two** decimal places	7.26 times	**(2)**
Percentage of profit for the year to capital employed (ROCE) (to **two** 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

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

Percentage of profit for the year to capital employed

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

Trade receivables collection period

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

(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]