Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

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ACCOUNTING **0452/21**
Paper 2 **May/June 2017**
MARK SCHEME
Maximum Mark: 120

Published

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This document consists of **13** printed pages.

Question	Answer	Marks
1(a)	The bank statement is a copy of the account of the business as it appears in the books of the bank **/** the bank statement is prepared from the viewpoint of the bank **(1)** The bank account in the cash book is prepared from the viewpoint of the business **(1)**	**2**

Question	Answer	Marks
1(b)	Amjad Cash Book	**13**

Date	Details		Discount allowed	Cash	Bank	Date			Discount received	Cash	Bank
2017			$	$	$	2017			$	$	$
Mar 1	*Balances b/d*			*38*	2750	March 6	Office Equipment	**(1)**			790
13	XY Limited	**(1)**	4		196						
29	Sales	**(1)**		2148			Repairs to office equipment	**(1)**			160
30	Cash	**(1)**			2000	21	Furniture Store	**(1)**	9		351
31	Idris	**(1)**			474	30	Bank c	**(1)**		2000	
						31	Bank charges	**(1)**			29
							Insurance	**(1)**			50
							Balances c/d				4040
			4	2186	5420				9	2186	5420
2017											
April 1	Balances b/d			186	4040						
	+(1) dates			**(1)OF**	**(1)OF**						

Question	Answer	Marks
1(c)	Amjad Bank Reconciliation Statement at 31 March 2017 $ Balance in cash book 4 040 **(1) OF** Cheques not yet presented **(1)** 351 **(1)** 4 391 Amounts not yet credited **(1)** 2 000 **(1)** Balance on bank statement 2 391 **(1) OF** **Alternative presentation** $ Balance on bank statement 2 391 **(1) OF** Amounts not yet credited **(1)** 2 000 **(1)** 4 391 Cheques not yet presented **(1)** 351 **(1)** Balance in cash book 4 040 **(1) OF**	**6**
1(d)(i)	The financial transactions are recorded at the actual cost **(1)** Because of this it is difficult to compare transactions taking place at different times **(1)**	**2**
1(d)(ii)	The accounting records only show information which can be expressed in monetary terms/non-monetary items cannot be recorded **(1)** There are many other factors which affect the performance of the business **(1)**	**2**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Sales invoice (1)
Credit note (1)</td><td>2</td></tr>
<tr><td>2(b)</td><td>Cash book (1)
General journal (1)</td><td>2</td></tr>
<tr><td>2(c)</td><td>Harum
Kalgi account
<table>
<tr><td></td><td></td><td>$</td><td></td><td></td><td></td><td>$</td><td></td></tr>
<tr><td>2017</td><td></td><td></td><td></td><td>2017</td><td></td><td></td><td></td></tr>
<tr><td>Mar 1</td><td>Balance b/d</td><td>520</td><td></td><td>Mar 10</td><td>Bank</td><td>520</td><td>(1)</td></tr>
<tr><td>4</td><td>Sales</td><td>224</td><td>(1)</td><td>12</td><td>Returns</td><td>96</td><td>(1)</td></tr>
<tr><td>18</td><td>Bank (dis chq)</td><td>520</td><td>(1)</td><td>28</td><td>Cash</td><td>600</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td>30</td><td>Bad debts</td><td>48</td><td>(1)</td></tr>
<tr><td></td><td></td><td>1264</td><td></td><td></td><td></td><td>1264</td><td></td></tr>
</table></td><td>6</td></tr>
<tr><td>2(d)</td><td>Reduce credit sales/sell on a cash basis
Obtain references from new credit customers
Fix a credit limit for each customer
Improve credit control
Issue invoices and monthly statements promptly
Refuse further supplies until outstanding balance is paid
Allow cash discount for prompt payment
Charge interest on overdue accounts
Any 2 points (1) each</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(e)</td><td>
<table>
<tr><th rowspan="3">Error</th><th colspan="6">Entry required to correct the error</th></tr>
<tr><th colspan="3">Debit</th><th colspan="3">Credit</th></tr>
<tr><th>Account</th><th>$</th><th></th><th>Account</th><th>$</th><th></th></tr>
<tr><td>Goods returned, $310, to Ali, a credit supplier entered into the account of Alam.</td><td><i>Ali</i></td><td><i>310</i></td><td></td><td><i>Alam</i></td><td><i>310</i></td><td></td></tr>
<tr><td>Wages paid in cash, $1200, had been correctly entered in the cash book but posted to the wages account as $2100.</td><td><i>Suspense</i></td><td>900</td><td>(1)</td><td>Wages</td><td>900</td><td>(1)</td></tr>
<tr><td>The total of the general expenses column in the petty cash book, $48, had not been posted to the general expenses account.</td><td><i>General expenses</i></td><td>48</td><td>(1)</td><td>Suspense</td><td>48</td><td>(1)</td></tr>
<tr><td>The total of the discount received column in the cash book, $114, had been debited to the discount allowed account</td><td><i>Suspense</i></td><td>228</td><td>(1)</td><td>Discount allowed</td><td>114</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Discount received</td><td>114</td><td>(1)</td></tr>
</table>
</td><td>7</td></tr>
<tr><td>2(f)</td><td>Comparability (1)
Reliability (1)
Understandability (1)</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>
Meena and Rafah
Profit and Loss Appropriation Account for the year ended 30 April 2017
<table>
<tr><td></td><td></td><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td></td><td></td><td>7 534</td><td></td></tr>
<tr><td>Interest on drawings –</td><td>Meena</td><td></td><td>292</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Rafah</td><td></td><td>204</td><td></td><td>496</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>8 030</td><td></td></tr>
<tr><td>Interest on capital –</td><td>Meena</td><td></td><td>1 200</td><td>(1)</td><td></td><td></td></tr>
<tr><td></td><td>Rafah</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>3% · 20 000 · 6 / 12 = 300</td><td>(1)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>3% · 30 000 · 6 / 12 = 450</td><td>(1)</td><td>750</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>1 950</td><td></td><td></td><td></td></tr>
<tr><td>Partner’s salary –</td><td>Meena</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>6000 · 6 / 12 = 3000</td><td>(1)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>7000 · 6 /12 = 3500</td><td>(1)</td><td>6 500</td><td></td><td>8 450</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>(420)</td><td></td></tr>
<tr><td>Share of loss –</td><td>Meena</td><td></td><td>280</td><td>(1) OF</td><td></td><td></td></tr>
<tr><td></td><td>Rafah</td><td></td><td>140</td><td>(1) OF</td><td>(420)</td><td></td></tr>
</table>
Alternative calculations *3% · 20 000 = 600 (1) + 3% · 10 000 · 6 / 12 = 150 (1)
** 6000 (1) + (100 · 6 / 12) = 500 (1)
</td><td>8</td></tr>
<tr><td>3(b)</td><td>
Meena
Current account
<table>
<tr><td></td><td></td><td>$</td><td></td><td></td><td></td><td>$</td><td></td></tr>
<tr><td><i>2016</i></td><td></td><td></td><td></td><td><i>2017</i></td><td></td><td></td><td></td></tr>
<tr><td>May 1</td><td>Balance b/d</td><td>1 490</td><td></td><td>April 30</td><td>Interest on capital</td><td>1 200</td><td>(1) OF</td></tr>
<tr><td>2017</td><td></td><td></td><td></td><td></td><td>Salary</td><td>6 500</td><td>(1) OF</td></tr>
<tr><td>April 30</td><td>Drawings</td><td>7 300</td><td>}</td><td></td><td>Balance c/d</td><td>1 662</td><td></td></tr>
<tr><td></td><td>Int on drawings</td><td>292</td><td>}(1)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>Share of loss</td><td>280</td><td>(1) OF</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>9 392</td><td></td><td></td><td></td><td>9 362</td><td></td></tr>
<tr><td>2017</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 1</td><td>Balance b/d</td><td>1 662</td><td>(1) OF</td><td></td><td></td><td></td><td></td></tr>
</table>
</td><td>5</td></tr>
</table>

Question	Answer	Marks
3(c)	Inventory is not included in the calculation of the quick ratio **(1)** **Either** The quick ratio shows whether the business would have any surplus liquid funds if all the current liabilities were paid immediately from the liquid assets **(1)** **OR** Shows the ability of the business to pay immediate / current liabilities from immediate/liquid assets **(1)**	**2**
3(d)	Change from positive bank balance to overdraft Increased level of inventory Purchases of non-current assets Repayment of long-term loan Increase in current liabilities/increase in trade payables/increase in bank overdraft Decrease in trade receivables Increase in drawings **Any 2 points (1) each**	**2**
3(e)	(19 400 + 15 100) : (17 350 + 2300 + 100) 34 500 : 19 750 **(1)** 1.75 : 1 **(1)**	**2**
3(f)	Cannot meet debts when they fall due Cannot take advantage of cash discounts Cannot take advantage of business opportunities as they arise May have difficulty in obtaining further supplies on credit/cannot replace inventory Cannot meet day-to-day expenses May not be able to take cash drawings **Or other suitable points** **Any 2 points (1) each**	**2**
3(g)	Introduce more cash as capital/admit another partner Reduce drawings Obtain long-term loan Sell surplus non-current assets Increase profit **Or other acceptable points** **Any 2 points (1) each**	**2**

Question	Answer	Marks
4(a)	Costs which can be traced to a product/the cost of the essentials necessary for production **(1)** It is the total of the direct materials, direct labour and direct expenses **(1)**	**2**
4(b)(i)	The costs involved in operating the factory/factory indirect expenses **(1)** They cannot be directly linked with/traced to the product being manufactured **(1)**	**2**
4(b)(ii)	Any specific factory expense such as factory indirect wages, factory rates, depreciation of factory machinery, etc. **Any 2 suitable examples (1) each**	**2**
4(c)(i)	Goods which are partly completed **(1)**	**1**
4(c)(ii)	Greater **(1)**	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(d)</td><td>Msamati Manufacturing
Income Statement for the year ended 31 January 2017
<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Revenue</td><td></td><td></td><td></td><td></td><td>816 370</td><td></td></tr>
<tr><td>Opening inventory</td><td></td><td></td><td>56 120</td><td></td><td></td><td></td></tr>
<tr><td>Cost of production</td><td>669 950</td><td>}</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Purchases of finished goods</td><td>17 200</td><td>} (1)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>687 150</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Less goods for own use</td><td>1 620</td><td>(1)</td><td>685 530</td><td></td><td>685 530</td><td></td></tr>
<tr><td></td><td></td><td></td><td>741 650</td><td></td><td>741 650</td><td></td></tr>
<tr><td>Less Closing inventory</td><td></td><td></td><td>61 340 *</td><td>(1) both</td><td>680 310</td><td></td></tr>
<tr><td>Gross profit</td><td></td><td></td><td></td><td></td><td>136 060</td><td>(1)OF</td></tr>
<tr><td>Commission receivable (2700 + 130)</td><td></td><td></td><td></td><td></td><td>2 830</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>138 890</td><td></td></tr>
<tr><td>Administration expenses</td><td></td><td></td><td>38 160</td><td>}</td><td></td><td></td></tr>
<tr><td>Selling expenses</td><td></td><td></td><td>28 270</td><td>} (1)</td><td></td><td></td></tr>
<tr><td>Loan interest (5% · 15 000 · 10 / 12)</td><td></td><td></td><td>625</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Depreciation</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Office equipment</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(15% · 32 000)</td><td></td><td></td><td>4800</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Delivery vehicles</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(25% · (68 000 – 17 000)</td><td></td><td></td><td>12 750</td><td>(1)</td><td>84 605</td><td></td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td></td><td></td><td>54 285</td><td>(1)OF</td></tr>
</table></td><td>10</td></tr>
<tr><td>4(e)</td><td>Either The expenses of the year were matched against the revenue of the same period (1)
Or Only the expenses for the year were included in the income statement (1)

Example – Either Commission receivable outstanding was added (1)
Or Loan interest outstanding was added (1)
Or Depreciation for the year was included (1)</td><td>2</td></tr>
<tr><td>4(f)(i)</td><td>Will increase revenue and so increase gross profit (1)
Customers may find cheaper suppliers so revenue and gross profit may decrease (1)
Or other suitable comments</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(f)(ii)</td><td>Will reduce cost of production and so increase gross profit (1)
Factory workers may take industrial action resulting in reduction of production/reduction of revenue and so gross profit may decrease (1)
Or other suitable comment</td><td>2</td></tr>
<tr><td>4(g)</td><td>Reduce/control expenses
Increase other income
Increase profit margin
Reduce costs of manufacturing
Increase sales activity
Any two points (1) each</td><td>2</td></tr>
<tr><td>5(a)</td><td>Bradley
Delivery vehicles account
<table>
<tr><td></td><td></td><td>$</td><td></td><td></td><td></td><td>$</td></tr>
<tr><td><i>2015</i></td><td></td><td></td><td></td><td>2015</td><td></td><td></td></tr>
<tr><td>Jan 1</td><td>Balance A b/d</td><td>35 000</td><td></td><td>Dec 31</td><td>Balance c/d</td><td>75 000</td></tr>
<tr><td>Oct 1</td><td>BANK b</td><td>40 000</td><td>(1)</td><td></td><td></td><td>75 000</td></tr>
<tr><td></td><td></td><td>75 000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>2016</td><td>Balance b/d</td><td></td><td></td><td>2016</td><td></td><td></td></tr>
<tr><td>Jan 1</td><td>A 35 000</td><td></td><td></td><td>Dec 31</td><td>Balance c/d</td><td>103 000</td></tr>
<tr><td></td><td>B 40 000</td><td>75 000</td><td>(1)</td><td></td><td></td><td></td></tr>
<tr><td>July 1</td><td>XZ Motors C</td><td>28 000</td><td>(1)</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>103 000</td><td></td><td></td><td></td><td>103 000</td></tr>
<tr><td>2017</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Jan 1</td><td>Balance b/d</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>A 35 000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>B 40 000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>C 28 000</td><td>103 000</td><td>(1)</td><td></td><td></td><td></td></tr>
</table>
</td><td>12</td></tr>
</table>

Question	**Answer**	**Marks**

Provision for depreciation of delivery vehicles account

		$				$	
2015			2015				
Dec 31	Balance c/d	24 375	Jan 1	Balance A c/d		*13 125*	
			Dec 31	Income		75 000	
				Statement			
				A 8 750	**(1)**		
				B 2 500	**(1)**	11 250	
		24 375				24 375	
2016			2016	Balance b/d			
Dec 31	Balance c/d	46 625	Jan 1	A 21 875			
				B 2 500		24 375	**(1) OF**
			Dec 31	Income Statement			
				A 8 750	**(1)**		
				B 10 000	**(1)**		
				C 3 500	**(1)**	22 250	
						46 625	
			2017				
			Jan 1	Balance b/d			
				A 30 625			
				B 12 500			
				C 3 500		46 625	**(1) OF**

+ (1) dates

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)</td><td>Bradley
Journal
<table>
<tr><th></th><th>Debit
$</th><th>Credit
$</th><th></th></tr>
<tr><td>Disposal of delivery vehicle</td><td>28 000</td><td></td><td>(1)</td></tr>
<tr><td>Delivery vehicles</td><td></td><td>28 000</td><td>(1)</td></tr>
<tr><td>Provision for depreciation of delivery vehicles</td><td>3 500</td><td></td><td>(1) OF</td></tr>
<tr><td>Disposal of delivery vehicle</td><td></td><td>3 500</td><td>(1) OF</td></tr>
<tr><td>DDE Transport</td><td>25 500</td><td></td><td>(1)</td></tr>
<tr><td>Disposal of delivery vehicle</td><td></td><td>25 500</td><td>(1)</td></tr>
</table></td><td>6</td></tr>
<tr><td>5(c)</td><td>Increase in rate of cash discount allowed
Improvement in credit control
Introduction of interest charge on overdue accounts
Refusal of further supplies until outstanding balance cleared
Any two points (1) each</td><td>2</td></tr>
<tr><td>5(d)</td><td>Cash discount will be received
No/less interest will be charged on late payments
Improve relationship with suppliers
Reduction in liquid funds earlier
Deprived of use of money for other things earlier
Any two points (1) each</td><td>2</td></tr>
<tr><td>5(e)</td><td>If credit customers continue to pay before 30 days the money received can be used to pay the credit suppliers
Will not have the use of the money from credit customers as long as previously, before it is required to pay the credit suppliers
If the credit customers delay paying, the business will have to use existing money to pay the credit suppliers
If the business is unable to pay the credit suppliers within 30 days no cash discount will be received
Any two points (1) each</td><td>2</td></tr>
</table>