

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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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]

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(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
Feb 29 Petty cash 47 **(1)**

2016
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
Jan 1 Error correction 1 000 **(1)**
Balance c/d 2 940

2016
Jan 1 Balance b/d 3 420
Bank charges 190 **(1)**
PB Limited
(Dis. Chq.) 330 **(1)**
3 940

2016
Jan 1 Balance b/d 2 940 **(1of)**

[4]

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(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
Share issue	50 000			50 000
Profit for the year			49 000	49 000
Dividend paid (for 2014)			(25 000)	(25 000)
Dividend paid (for 2015)			(15 000)	(15 000)
Transfer to general reserve		10 000	(10 000)	
On 31 December 2015	350 000	34 000	44 000	428 000

[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]

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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)
	<u>125 200</u>	<u>7 040</u>	<u>118 160</u>
Current assets			
Inventory			3 300 (1)
Trade receivables		3 900	
Less Provision for doubtful debts		<u>117 (1)</u>	3 783 (1)
Other receivables			327 (1)
Petty cash			<u>100 (1)</u>
			<u>7 510</u>
Total assets			<u>125 670</u>
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			<u>360 (1)</u>
			<u>2 470</u>
Total liabilities			<u>125 670</u>

[15]

(b)

Daksha Capital account			
	\$		\$
2016		2015	
Jan 31		Feb 1	Balance
Drawings	4 200 (1)		97 200 (1)
Loss for year	11 800 (1of)	2016	
Balance c/d	93 200 (1of)	Jan 31	Bank/Cash
	<u>109 200</u>		<u>12 000 (1)</u>
			<u>109 200</u>
		2016	
		Feb 1	Balance b/d
			93 200

[5]

[Total: 20]

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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)
		<u>15 714</u>			<u>15 714</u>
			2016		
			1 Feb	Balance b/d	739 (1of)
					[9]

- (b) $150 (1) \times \$100 (1) = \$15\,000$
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]

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5 (a)

Mohan Motor vehicles account			
\$		\$	
2014		2014	
Jan 1	Balance b/d	Dec 31	Balance c/d
	A – 12 000		40 000
	B – <u>13 000</u>		
	25 000		
July 1	Bank C		
	<u>15 000 (1)</u>		
	40 000		<u>40 000</u>
2015		2015	
Jan 1	Balance b/d	Dec 31	Balance c/d
	A – 12 000		40 000
	B – 13 000		
	C – <u>15 000</u>		
	40 000 (1)		
	<u>40 000</u>		<u>40 000</u>
2016			
Jan 1	Balance b/d		
	A – 12 000		
	B – 13 000		
	C – <u>15 000</u>		
	40 000 (1)		
Provision for depreciation of motor vehicles account			
\$		\$	
2014		2014	
Dec 31	Balance c/d	Jan 1	Balance b/d
	17 600		A – 7 200
			B – <u>3 900</u>
			11 100
		Dec 31	Income statement
			A – 2 400 (1)
			B – 2 600 (1)
			C – <u>1 500 (1)</u>
			6 500
	<u>17 600</u>		<u>17 600</u>
2015		2015	
Dec 31	Balance c/d	Jan 1	Balance b/d
	25 600		A – 9 600
			B – 6 500
			C – <u>1 500</u>
			17 600 (1of)
		Dec 31	Income statement
			A – 2 400}
			B – 2 600}(1)
			C – <u>3 000 (1)</u>
			8 000
	<u>25 600</u>		<u>25 600</u>
		2016	
		Jan 1	Balance b/d
			A – 12 000
			B – 9 100
			C – <u>4 500</u>
			25 600 (1of)

+ (1) dates

[11]

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(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]

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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

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

Percentage of profit for the year to capital employed

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

Trade receivables collection period

$$\frac{4\,350}{40\,000} \times \frac{365}{1} \quad (1) \text{ whole formula} = 39.69 = 40 \text{ days } (1) \quad [6]$$

(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]

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(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]