Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/23**

Paper 2 **May/June 2016**

MARK SCHEME

Maximum Mark: 120

Published

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1 (a) Reduce the number of entries in the main cash book

Removes the small cash payments from the main cash book
Reduces the number of entries in the ledger
Allows the chief cashier to delegate some of the work
Provides training for junior staff members

Accept other suitable reasons
Any 2 reasons (1) each **[2]**

(b) (i)

Carol
Petty Cash Book

Total received	Date	Details	Total paid	Postage & stationery	General expenses	Ledger accounts
$	2016		$	$	$	$
23	*April 1*	*Balanceb/d*				
77		Bank**(1)**				
	4	Tea and coffee**(1)**	11		11	
	16	Stationery**(1)**	25	25		
	19	Taxi fare**(1)**	8		8	
	23	T Nhete**(1)**	38			38
	30	Balancec/d	82	25	19	38
			18			
100	2016		100			
	May1	Balanceb/d**(1)OF**				
18						

(1) Dates
(1) OF Totalling analysis columns
(1) OF Totalling total columns **[9]**

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(ii)

Carol
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2016		$	$	$	2016		$	$	$
Apl1	*Balanceb/d*		*210*		*Apl1*	*Balanceb/d*			*1437*
20	B Mamba**(1)**	23		897		Petty cash**(1)**			77
28	Sales**(1)**		2970		9	K Mzolo**(1)**	9		441
29	Cashc**(1)OF**			3080	29	Bankc**(1)**		3080	
					30	Balancec/d		100	2022
		23	3180	3977			9	3180	3977
2016 May 1	Balancesb/d		100 **(1)**	2022 **(1)OF**					

+ (1)OF totalling discount columns
+ (1) dates **[10]**

[Total: 21]

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2 (a)

	$	
Receipts from credit customers	61 230	**(1)**
Cash discount allowed	1 570	**(1)**
Returns from credit customers	2 070	**(1)**
Bad debts	260	**(1)**
Amount owing by customers 29 February 2016	16 190	**(1)**
Credit sales	81 320	**(1) OF**

Alternative presentation

Total trade receivables account

Date	Details	$	Date	Details	$	
2016 Feb 29	*Sales**(1)OF**	81 320	2016 Feb 29	Bank	61 230	**(1)**
				Discount alld	1 570	**(1)**
				Returns	2 070	**(1)**
				Bad debts	260	**(1)**
				Balance c/d	16 190	**(1)**
		81 320			81 320	
2016 Mar1	Balance b/d	16 190				

*Balancing figure **[6]**

(b)

	$		$	
Credit purchases			70 150	**(1)**
Less Returns to credit suppliers	1 110	**(1)**		
Cash discount received	1 860	**(1)**		
Amount owing to credit suppliers 29 February 2016	7 040	**(1)**	10 010	
Amount paid to credit suppliers			60 140	**(1)OF**

Alternative presentation

Total trade payables account

Date	Details	$	Date	Details	$
2016 Feb 29	Returns**(1)**	1 110	2016 Feb 29	Purchases**(1)**	70 150
	Discount recd **(1)**	1 860			
	*Bank**(1)OF**	60 140			
	Balance c/d**(1)**	7 040			
		70 150			70 150
			2016 Mar1	Balance b/d	7 040

*Balancing figure

[5]

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(c)

Aneela
Bank account

Date	Details	$	Date	Details	$
2015			2016		
Mar1	Capital**(1)**	45 000	Feb 29	Non-current assets	
	Loan**(1)**	10 000		**(1)**	20 500
2016				Trade payables	
Feb 29	Trade receivables	61 230		**(1)OF**	60 140
	(1)			*Expenses**(1)OF**	18 620
				Balance c/d**(1)**	16 970
		116 230			116 230
2016					
Mar1	Balance b/d	16 970			

*Balancing figure

[7]

[Total: 18]

3 (a) Share losses
Share responsibilities
Share risks
Share decision-making
Additional finance may be available
Additional skills and experience are available

Any 1 advantage (1) **[1]**

(b) Share profits
Decisions must be recognised by all partners
Decisions may take longer to implement
One partner's actions can bind the other partners
Disagreements can occur
All partners are responsible for the debts of the business

Any 1 disadvantage (1) **[1]**

(c) Greater security than capital **[1]**

Repaid before capital in a winding-up
Extra funds may be required for a limited period only

Or other suitable comment
Any 1 comment (1)

(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 if obtaining supplies/services on credit

Or other suitable explanation
Any 2 points (1) each **[2]**

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(e) Alternative presentation of current accounts

Current accounts

		Abid $	Faiz $			Abid $	Faiz $
2015				2015			
Apl 1	Balance b/d	110		Apl 1	Balance b/d**(1)**		800
2016				2016			
Mar 31	Drawings **(1)**	6 000	7 000	Mar 31	Interest on Capital**(1)**	2 400	1 650
	Interest on drawings **(1)**	120	140		Salary **(1)**		5 000
	Balance c/d		1 770		Profit share **(1)**	2 920	1 460
					Balance c/d	910	
		6 230	8 910			6 230	8 910

+ (1) OF for each balance if shown in statement of financial position making a total of (8) for the current accounts [13]

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Abid and Faiz
Statement of Financial Position at 31 March 2016

	$	$	$	
Assets				
Non-current assets				
Fixtures and equipment (book value)			104 000	
Motor vehicles (book value)			28 520	
			132 520	**(1)**
Current assets				
Trade receivables			19 320	
Bank			16 080	
			35 400	**(1)**
Total assets			167 920	
Capital and liabilities				
	Abid	Faiz	Total	
Capital accounts	80 000	55 000 **(1) both**	135 000	
Current accounts				
Opening balance	(110)	800 **(1) both**		
Interest on capital	2 400	1 650 **(1) both**		
Salary		5 000 **(1)**		
Profit share	2 920	1 460 **(1) both**		
	5 210	8 910		
Drawings	6 000	7 000 **(1)**		
Interest on drawings	120	140 **(1) both**		
	6 120	7 140		
Closing balance	(910) **(1) OF**	1 770 **(1) OF**		
			860	
			135 860	
Non-current liabilities				
Loan – Abid			20 000	**(1)**
Current liabilities				
Trade payables			11 900	**}**
Other payables			160	**}(1)**
			12 060	
Total liabilities			167 920	

[13]

(f) $\frac{13170}{(167920-12060)} \times \frac{100}{1}$ **} (1) whole formula OF**= 8.45% **(1) OF** **[2]**

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(g) Shows the profit earned for each $100 used in the business (1)
The higher the percentage the more efficiently the capital is being employed **(1)**

Or other acceptable answer
Any 2 points (1) each **[2]**

[Total: 22]

4 (a)

Yasmin
Manufacturing Account for the year ended 30 April 2016

	$		$	
Cost of materials used				
Purchases of raw materials	28 600	**(1)**		
Carriage on raw materials	1 500	**(1)**	30 100	
Less Closing inventory of raw materials			3 150	**(1)**
			26 950	
Direct wages			32 300	**(1)**
Prime cost			59 250	**(1)**
Factory overheads				
Indirect factory wages	11 860	**(1)**		
General factory expenses	3 340	**(1)**		
Rates (¾ × 6000)	4 500	**(1)**		
Depreciation – Machinery (35 000 × 20%)	7 000	**(1)**		
Tools (1000 – 830)	170	**(1)**	26 870	
			86 120	**(1) OF**
Less Closing work in progress			2 920	**(1)**
Cost of production			83 200	**(1) OF**

[13]

(b) (i)

Cost of production		83 200	**(1) OF**
Purchases of finished goods		15 700	**(1)**
		98 900	
Less Closing inventory of finished goods	6 800 **(1)**		
Cost of sales		92 100	**(1) OF**

[4]

(ii)

Revenue	113 640	
Cost of sales	92 100	**OF**
Gross profit	21 540	**(1) OF**

[1]

(c) (i) $\frac{21540}{113640}$ **OF** $\times \frac{100}{1}$ **} (1)OF whole formula** = 18.95% **(1) OF** **[2]**

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(ii) Increase selling price
Increase mark-up
Reduce trade discount allowed to customers
Reduce cost of manufacturing
Purchase cheaper raw materials
Buy in bulk to obtain trade discount
Reduce factory wages
Reduce factory overheads

Or other suitable methods
Any 2 ways (1) each **[2]**

[Total: 22]

5 (a) Work can be shared amongst several people
Easier for reference as same types of account are kept together
Easier to introduce checking procedures
Reduce the possibility of fraud

Or other suitable advantage
Any 1 advantage (1) **[1]**

(b) (i) Purchases ledger **(1)**

(ii) Nominal (general) ledger **(1)**

(iii) Nominal (general) ledger **(1)** **[3]**

(c) Paul

Rent and rates account

Date	Details	$	Date	Details	$
2015			2015		
Jan1	*Balance b/d*		Dec 31	Income statement	
	Rates900			Rates3870 **(1)**	
	Rent3200	*4 100*		Rent9600 **(1)**	13 470
Apl1	Bank (rates)**(1)**	3 960		Balance c/d	
May1	Bank (rent)**(1)**	4 800		(rates)	990
Dec 31	Balance c/d				
	(rent)	1 600			
		14 460			14 460
2016			2016		
Jan1	Balance b/d		Jan1	Balance b/d	
	(rates)**(1)OF**	990		(rent)**(1)OF**	
					1 600

+ (1) dates **[7]**

(d) This is an application of the principle of prudence
Over-valuing the inventory causes the profit for the year to be overstated
Over-valuing the inventory causes the current assets to be overstated

Any 2 points (1) each **[2]**

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(e)

	overstated	understated	no effect
Profit for the year ended 31 December 2014	✓ **(1)**		
Profit for the year ended 31 December 2015		✓ **(1)**	
Cost of sales for the year ended 31 December 2015	✓ **(1)**		
Current assets at 31 December 2014	✓ **(1)**		
Current assets at 31 December 2015			✓ **(1)**

[5]

[Total: 18]

6 (a) (i) $\frac{3500}{(59600+15800)} \times \frac{100}{1}$ **(1) whole formula** = 4.64% **(1)** **[2]**

(ii) Increase in expenses/not controlling expenses as well
Decrease in other income
Change in type of expense
Decrease in gross profit percentage

Any 2 reasons (1) each **[2]**

(b) David

Journal

	Debit $	Credit $	
Office expenses	114		**(1)**
Cash		114	**(1)**
Correction of error of omission			**(1)**
Suspense	900		**(1)**
Sales		900	**(1)**
Correction of error of transposition			**(1)**

[6]

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(c)

David

Statement of corrected profit for the year ended 31 January 2016

	Increase in profit $	Decrease in profit $	$	
Profit for the year before corrections			3 500	
Error 1		*114*		
Error 2	900 **(2)**			
Error 3		600 **(2)**		
Error 4		1 628 **(2)**		
Error 5		24 **(2)**		
	900	2 366	1 466	
Corrected profit for the year			2 034	**(1)OF**

For each error – (1) for position and (1) for figure **[9]**

[Total: 19]

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