Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/22**

Paper 2 **October/November 2017**

MARK SCHEME

Maximum Mark: 120

Published

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Question	Answer	Marks
1(a)(i)	Saffie Petty Cash Book	**9**

Total received	Date	Details			Total paid	Travel	Postage & stationery	Ledger accounts
$	*2017*				$	$	$	$
63	*Sept 1*	*Balance*	*b/d*					
87		Bank		**(1)**				
	3	Taxi fare		**(1)**	12	12		
	11	Stationery		**(1)**	64		64	
	21	Faariqa		**(1)**	29			29
	30	Postage		**(1)**	22		22	
					127	12	86	29
		Balance	c/d		23			
150					150			
	2017							
23	Oct 1	Balance	b/d	**(1)OF**				

+ (1) dates
+ (1)OF totalling analysis columns
+ (1)OF totalling total columns

Question	Answer	Marks
1(a)(ii)	Saffie Cash Book	**10**

Date	Details		Discount allowed	Cash	Bank	Date	Details		Discount received	Cash	Bank
			$	$	$				$	$	$
2017						*2017*					
Sept 1	*Balance*	*b/d*		*120*		*Sept 1*	*Balance b/d*				*3 841*
	Thushari	**(1)**	8		392		Petty cash	**(1)**			87
26											
	Sales	**(1)**		40	4 800	7	Repairs	**(1)**			461
28											
						15	SL Stores (dis. chq.)	**(1)**			210
							Sopitha	**(1)**	12		468
						29	Balances	c/d		160	125
						30					
			8	40	5192				12	160	5 192
2017											
Oct 1	Balances	b/d		160 **(1)OF**	125 **(1)OF**						

+ (1)OF totalling discount columns
+ (1) dates

Question	Answer	Marks
1(b)	Saffie Bank Reconciliation Statement at 30 September 2017 $ $ Balance shown on bank statement (4 649) **(1)** Add Cheque not credited – Thushari 392 **(1)OF** Amount not credited – cash sales 4 800 **(1)** Bank error 50 **(1)** 5 242 593 Less Cheque not presented – Sopitha 468 **(1)OF** Balance shown in cash book 125 **(1)OF** **Alternative presentation** Bank Reconciliation Statement at 30 September 2017 $ $ Balance shown in cash book 125 **(1)OF** Add Cheque not presented – Sopitha 468 **(1)OF** 593 Less Cheque not credited – Thushari 392 **(1)OF** Amount not credited – cash sales 4 800 **(1)** Bank error 50 **(1)** 5 242 Balance shown on bank statement (4 649) **(1)**	**6**

Question	Answer	Marks
2(a)	Mustafa Manufacturing Account for the year ended 31 July 2017	**13**

	$	$	
Cost of materials consumed			
Purchases of raw materials	447 400		
Less Purchases returns	1 800	445 600	**(1)**
Carriage inwards		2 590	**(1)**
		448 190	
Closing inventory of raw materials		62 200	
		385 990	**(1)OF**
Direct wages (287 400 **(1)** + 3 760 **(1)**)		291 160	
Prime cost		677 150	**(1)OF**
Factory overheads			
Factory supervisors' wages	101 150		
General expenses (¾ × 13 400)	10 050 **(1)**		
Rates and insurance (⅔ × 12 600)	8 400 **(1)**		
Depreciation			
Machinery (20% × 92 000)	18 400 **(1)**		
Loose tools (19 600 – 18 100)	1 500 **(1)**	139 500	
		816 650	**(1)OF**
Closing work in progress		38 200	**(1)**
Cost of production		778 450	**(1)OF**

Question	Answer			Marks
2(b)				**4**

	$	
Cost of production	778 450	**(1)OF**
Purchases of finished goods	22 200	**(1)**
	800 650	
Less closing inventory of finished goods	69 700	**(1)**
Cost of sales	730 950	**(1)OF**

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Question	Answer	Marks
2(c)	Loan interest to pay every year. Loan interest to pay irrespective of profits. Loan to be repaid by given date. **Or other suitable point** **Any 1 point (1)**	**1**
2(d)	Introduce additional capital Take a partner Convert to a limited company Mortgage the premises Borrow from family and friends See if government grants are available **Or other suitable point** **Any 2 points (1) each**	**2**

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Question	Answer	Marks
3(a)	Zikri Commission receivable account 2016 Sept 1 Balance b/d $495 **(1)** 2017 Aug 31 Income statement $1 685 **(1) OF** $2 180 2017 Sept 1 Balance b/d $392 **(1)** 2016 Sept 4 Bank $495 **}** Dec 3 Bank $515 **} (1)** 2017 Mar 5 Bank $374 **}** Jun 2 Bank $404 **} (1)** Aug 31 Balance c/d $392 $2 180 **+ (1) Dates**	**6**
3(b)	Zikri Rent account 2017 Jan 1 Bank $4 800 **}** July 1 Bank $4 800 **} (1)** $9 600 2017 Sept 1 Balance b/d $3 200 **(1)** 2017 Aug 31 Income statement $6 400 **(1)OF** Balance c/d $3 200 $9 600 **+ (1) Dates**	**4**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>Balance b/d 1 September 2016:
Value of stationery/inventory of stationery at that date. (1)
Credit stationery account for previous financial year. (1)

XY Limited 8 February 2017:
Value of stationery purchased on credit from XY Limited. (1)
Credit XY Limited account. (1)

Drawings 31 July 2017:
Value of stationery taken by owner for personal use. (1)
Debit drawings account. (1)</td><td>6</td></tr>
<tr><td>3(d)</td><td>$205</td><td>1</td></tr>
<tr><td>3(e)</td><td>Current assets</td><td>1</td></tr>
<tr><td>3(f)</td><td>
<table>
<tr><th></th><th>Effect on gross profit</th><th>Effect on profit for the year</th></tr>
<tr><td>General expenses omitted from income statement</td><td>No effect</td><td>Overstated</td></tr>
<tr><td>Opening inventory over-valued</td><td>Understated (1)</td><td>Understated (1)</td></tr>
<tr><td>Wages account over-added</td><td>No Effect (1)</td><td>Understated (1)</td></tr>
<tr><td>Sales returns omitted from income statement</td><td>Overstated (1)</td><td>Overstated (1)</td></tr>
<tr><td>Carriage inwards included in the expenses in the income statement</td><td>Overstated (1)</td><td>No Effect (1)</td></tr>
<tr><td>Purchases returns added to the purchases</td><td>Understated (1)</td><td>Understated (1)</td></tr>
</table>
</td><td>10</td></tr>
</table>

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Question	Answer	Marks
4(a)	Rashida Income Statement for the year ended 30 September 2017 $ $ $ Revenue 572 000 Less Returns 1 840 570 160 **(1)** Cost of sales Opening inventory 37 150 ***** Purchases 455 900 Less Returns 2 750 453 150 **(1)** Carriage inwards 6 940 **(1)** 460 090 497 240 Closing inventory 41 160 ***(1) both** 456 080 Gross profit 114 080 **(1)OF** Less Wages 74 200 General expenses 1 300 Rates & insurance (2 800 **(1)** × ¾ **(1)**) 2 100 *Loan interest (400 **(1)** + 200 **(1)**) 600 Bad debts 300 **(1)** Provision for doubtful debts (2% × 34 500) 690 **(1)** Depreciation: Fixtures & fittings (20% × (65 000 – 23 500)) 8 300 **(1)** Office equipment (21 000 + 2 800 – 20 600 3 200 **(1)** 90 690 Profit for the year 23 390 **(1)OF** *Alternative calculation 1 200 **(1)** ÷ 2 = 600 **(1)**	**14**
4(b)	Revenue for the year is matched against the costs of the same period. **(1)** **Example:** **Either** The loan interest was adjusted for the outstanding amount. **Or** The loss in value of non-current assets in the year was included. **Or** A provision for doubtful debts was created. **(1)**	**2**

Question	Answer	Marks
4(c)	The business is treated as being separate from the owner. **(1)** **Example** Rates and insurance for personal use were excluded. (1)	**2**
4(d)	Should compare with a business in the same trade. Should compare with a business of approximately the same size. Should compare with a business of the same type (sole trader). The financial statements may be for one year, which will not show trends. The financial statements may be for one year which is not a typical year. The financial year may end on different dates (when inventories are high/low). The businesses may apply different accounting policies. The statements do not show non-monetary factors. It may not be possible to obtain all the information needed to make comparisons. **Or other suitable points** **Any 2 points (1) for basic statement and (1) for development**	**4**

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Question	Answer	Marks
5(a)	Ben Journal Inventory 15 200 **}(1)** Shop fittings 14 300 **}** Cash 500 **(1)** Bank 32 400 **(1)** Loan 15 000 **(1)** Capital 47 400 **(1)** 62 400 62 400	**5**
5(b)	Ben Journal Office equipment 1 900 **(1)** Equip Limited 1 900 **(1)** Purchase of office equipment on credit **(1)** Drawings 430 **(1)** Purchases 430 **(1)** Goods taken for own use **(1)**	**6**
5(c)	Capital expenditure: Money spent on acquiring, improving and installing non-current assets. **(1)** Any suitable example, such as purchase of premises. **(1)** Revenue expenditure: Money spent on running the business on a day-to-day basis. **(1)** Any suitable example, such as payment of wages. **(1)** Revenue receipts: Amounts received in the day-to-day trading activities from revenue and other items of income. **(1)** Any suitable example, such as rent received. **(1)**	**6**

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Question	Answer	Marks
5(d)		**8**

	Effect on assets		Effect on liabilities		Effect on profit	
	Overstated	Understated	Overstated	Understated	Overstated	Understated
	$	$	$	$	$	$
Error 1	*550*	–	–	–	*450*	–
Error 2	–	–	–	375 **(2)**	375 **(2)**	–
Error 3	150 **(2)**				150 **(2)**	

For each entry – (1) for position and (1) for amount

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