#### **CAMBRIDGE INTERNATIONAL EXAMINATIONS**

**International General Certificate of Secondary Education** 

## MARK SCHEME for the May/June 2014 series

### 0452 ACCOUNTING

0452/22

Paper 2, maximum raw mark 120

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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# 1 (a)

## Paul Katanga Cash Book

Date	Details		Discount Allowed	Cash	Bank	Date	Details	Discount Received	Cash	Bank
2014			\$	\$	\$	2014		\$	\$	\$
Apl 1	Balance b/d			75		Apl 1	Balance b/d			2190
8	Moloi Stores	(1)			84	5	Office equipment (1)			580
28	Sales	(1)		2500			Repairs (1)			40
30	Cash c	(1)			2215	21	Moloi Stores (dishonoured			
	Balance c/d				907		cheque) (1)			84
						24	T Nekundi (1)	8		312
						29	Drawings (1)		300	
						30	Bank c <b>(1)</b>		2215	
							Balance c/d		60	
2014				2575	3206	2014		8	2575	3206
2014 May 1	Balance b/d	(1)		60		2014 May 1	Balance b/d (1) OF			907

+(1) dates

	Pa	ige 3	Ма	rk Scheme		Syllabus	Paper	
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	(b)	2014 Ap 1 2 21	Balance b/d Sales Bank (Dis chq)	Paul Katanga Moloi Stores acc \$ 50 34 (1) <u>84</u> (1) <u>168</u>		Bank Bad debts	\$ 84 (1) 84 (1)  168	[4]
		2014 Apl 17 24 30	Returns Bank Discount Balance c/d	Paul Katanga T Nekundi acco \$ 64 (1) 312 } 8 } (1) 144 528	2014 Apl 1 13 2014 May 1Ba	Balance b/d Purchases	\$ 320 208 (1)  528  144 (1) C	)F [4]
	(c)	Realisati	on					[1]
	(d)	Going co	oncern					[1]
							[Total:	22]
2	(a)							
				Book of prime	e (original) e	ntry		
		bad debt	s written off	Journal		(1)		
		discount	s allowed	Cash book		(1)		
		returns b	y credit customers	Sales returns	journal	(1)		
		contra e	ntries	Journal		(1)		
	•					<u></u>		[4]

(b) Overpayment of amount owing Failure to deduct cash discount due Goods returned after account settled Payment made in advance

Any two items (1) each

[2]

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(c)

	debit	credit	no entry
credit purchases		<b>✓</b>	
cash purchases			√(1)
refund from credit supplier		√(1)	
cheques paid to credit suppliers	√(1)		
discount allowed			√(1)
discount received	√(1)		
interest charged by credit supplier on overdue account		<b>√</b> (1)	
contra entry	√(1)		
carriage charged by credit supplier		√(1)	
bad debts written off			√(1)

[9]

(d) 
$$\frac{\$5300}{\$80700}$$
 (1)  $\times \frac{365}{1} = 23.97 = 24 \text{ days}$  (1)

(e) To consider liquidity position

To see total amount owing to other credit suppliers

To determine the credit limit

To determine the period of credit to be allowed

Or other suitable reason Any one reason (2)

[2]

[Total: 19]

a) Profit/loss available for distribution $(10\ 050 + 500) - (6600 + 5000) = (1050)$ (1) Share of loss for each partner $1050 \div 2 = 525$ (1)							
2014 Jan 31 Draw Int. o Share	vings on drawings e of loss	Curre \$ 3000 4000} 200}	ent account	2014 Jan 31 2014 Feb 1	Capital Loan interest Int. on capital Balance b/d	<u>8450</u>	(1)
Γhree column	running balanc	e prese	entation ac		+ (1) Dates		[7]
nterest on loan  Or  Share of loss, decapital and interest on see the sasier to calculor other suitals.	and share of prodrawings and interest on loan  The profit retained late interest on colors  The advantage	ofit erest on	drawings e		•		[2] [2]
(e) The collection period for both years is within the period of credit allowed The collection period is very satisfactory in each year The collection period has increased in 2014 Or other suitable comments							[2]
Charge interest mprove credit on Refuse further someone and discourse and discourse the relevations.	t on overdue acc control supplies until ou count factoring ant points	counts		paid		רן	[2] 「otal: 17]
	constant of loss for the collection process of the collection process	chare of loss for each partner 1 chare of loss for each partner 1 chare of loss for each partner 1 chare of loss loss loss loss loss loss loss l	lan Curre \$ 2013 Feb 1 Balance b/d 3000 Fint. on drawings 200} Share of loss 525 Balance c/d 725 Balance c/d 725 Balance c/d 725 Balance c/d 725 Balance comments Final Drawings and interest on drawings excepterest on loan and share of profit for Share of loss, drawings and interest on capital and interest on loan  Easier to see the profit retained by each casier to calculate interest on capital for other suitable advantage and one advantage (2)  The collection period for both years is well as the collection period has increased in 20 for other suitable comments (1) each  Offer cash discount for prompt payment charge interest on overdue accounts my two comments (1) each  Offer cash discount for prompt payment charge interest on overdue accounts my ove credit control  Refuse further supplies until outstanding the other relevant points	lan McMillan Current account \$ 2013 Teb 1 Balance b/d 3000 Tother suitable advantage Any one advantage (2)  Che collection period for both years is within the period collection period has increased in 2014  Che collection period for both years is within the period collection period has increased in 2014  Cher cash discount for prompt payment charge interest on overdue accounts merovoce and discount factoring or other relevant points  Charge interest on overdue accounts merovoce and discount factoring or other relevant points  Charge interest on overdue accounts merovoce and discount factoring or other relevant points	lan McMillan Current account \$ 2014  Balance b/d 3000 Jan 31  Int. on drawings 200}  Int. on drawings 200}  Balance c/d 725  8450  2014  Feb 1  Chree column running balance presentation acceptable  Drawings and interest on drawings exceeded the interest on conterest on loan and share of profit  Drawings and interest on drawings exceeded the interest on conterest on loan and share of profit  Chree column running balance presentation acceptable  Drawings and interest on drawings exceeded the interest on conterest on loan and share of profit  Drawings and interest on drawings exceeded the interest on conterest on loan and share of profit  Chree collection period for both years is within the period of cree che collection period for both years is within the period of cree che collection period is very satisfactory in each year the collection period has increased in 2014  Drother suitable comments  Any two comments (1) each  Differ cash discount for prompt payment  Charge interest on overdue accounts  Improve credit control  Refuse further supplies until outstanding balance paid  Prother relevant points	lan McMillan Current account \$ 2014 2014 2014 2014 2014 2015 2015 2016 2017 2018 2019 2019 2019 2019 2019 2019 2019 2019	Ian McMillan Current account \$ 1013

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Syllabus 0452

Paper 22

	Page 6		Mark Sche	me		Syllabus	P	aper
		IGCS	E – May/Ju	ıne 2014	4	0452		22
1.	.\		Valley F	Football	Club			
(8	1)		Subscrip	Football				
			\$ \$	olions ac	Count		\$	
	2013		Ψ		2013		Ψ	
	Feb 1	Balance b/d	192	(1)	Feb 1	Balance b/o	d 384	(1)
	2014	Balarios bra	.02	( - )	2014	Daia.100 D/		( - /
	Jan 31	Income and	9600	(1)	Jan 31	Bank	9216	(1)
		Expenditure		` '		Balance c/c		` ,
		Balance c/d	288					
			10080				10080	
	2014				2014			
	Feb 1	Balance b/d	480	(1)	Feb 1	Balance b/o	d 288	(1)
						+ Dates (1)		
		olumn running ba	lance nres	entatio	n accentable	` ,		
	Three c	olullii lulliilig be	nance pres	Ciitatio	i doocptable			
	Three c	olullii rulliilig Sc	nance pres	Cintatio	ii acceptable			
(ł		oranii ranniig se	•		•			
(k	<b>o</b> )	_	Valley Fo	ootball C	lub	January 2014		
(k	<b>o</b> )	ome and Expenditu	Valley Fo	ootball C	lub	January 2014 \$		
(k	<b>o</b> )	_	Valley Fo	ootball C	llub vear ended 31			
(k	o) Inco	ome and Expenditu	Valley Fo	ootball C	ilub vear ended 31 \$		(1) OF	
(k	Income Subscrip Compet	ome and Expenditu ptions ition receipts	Valley Foure Account	ootball C	lub vear ended 31 \$ 877	\$	(1) OF	
(k	Income Subscrip Compet	ome and Expenditu	Valley Foure Account	ootball C	ilub vear ended 31 \$	\$ 9600 483		
(k	Income Subscrip Compet Less co	ome and Expenditu ptions ition receipts mpetition expenses	Valley Foure Account	ootball C	lub vear ended 31 \$ 877	9600		
(t	Income Subscrip Compet Less co	ome and Expenditu otions ition receipts mpetition expenses	Valley Foure Account	ootball C	lub vear ended 31 \$ 877 394	\$ 9600 483		
(k	Income Subscrip Compet Less co Expendi General	ome and Expenditu ptions ition receipts mpetition expenses iture	Valley Foure Account	ootball C	877 877 874 4271 (1)	\$ 9600 483		
(t	Income Subscrip Compet Less con Expendi General Rent an	ome and Expenditu ptions ition receipts mpetition expenses iture expenses d rates (4160 <b>(1)</b> –	Valley Foure Account	ootball C	81ub year ended 31 \$ 877 394 4271 (1) 3840	\$ 9600 483		
(ł	Income Subscrip Compet Less con Expendi General Rent an	ome and Expenditure ition receipts mpetition expenses iture expenses d rates (4160 (1) – ce (300 (1) + 20 (1)	Valley Foure Account	ootball C	877 877 874 4271 (1)	\$ 9600 483		
(t	Income Subscrip Compet Less con Expendi General Rent an	ome and Expenditure iture expenses d rates (4160 (1) – ce (300 (1) + 20 (1) ation – Equipment	Valley Foure Account  320 (1)) 1 – 80 (1))	ootball C for the y	877 877 394 4271 (1) 3840 240	\$ 9600  483 10083		
(ł	Income Subscrip Compet Less co Expendi General Rent an Insuranc Deprecia	ome and Expenditure iture expenses d rates (4160 (1) – ce (300 (1) + 20 (1) ation – Equipment	Valley Foure Account	ootball C for the y	81ub year ended 31 \$ 877 394 4271 (1) 3840	\$ 9600  483 10083	(1)	
(t	Income Subscrip Compet Less con Expendi General Rent an	ome and Expenditure iture expenses d rates (4160 (1) – ce (300 (1) + 20 (1) ation – Equipment	Valley Foure Account  320 (1)) 1 – 80 (1))	ootball C for the y	877 877 394 4271 (1) 3840 240	\$ 9600  483 10083	(1)	
(k	Income Subscrip Compet Less con Expendi General Rent an Insuranc Deprecia	ome and Expenditure iture expenses d rates (4160 (1) – ce (300 (1) + 20 (1) ation – Equipment	Valley Foure Account  320 (1)) - 80 (1)) 400 + 2000	ootball C for the y	877 877 394 4271 (1) 3840 240	\$ 9600  483 10083	(1)	

(d) The members have not invested any capital (1) so there can be no dividend which represents a return on the amount invested (1) [2]

(c) \$15400 - \$1148 OF = \$14252 (1) OF

[Total: 21]

[1]

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5 (a) Nadia Sayed

Income Statement for the year ended 28 February 2014

Revenue 72000 (1)

Cost of sales

Opening inventory 4200 (1)

**Purchases** 56000 (1) Less Purchases returns 1100 **(1)** 54900

1800 **(1)** Carriage inwards <u>56700</u> 60900

5000 (1) Closing inventory - remaining

> missing <u>1900</u> **(1) OF** 6900 54000 (1) **OF**

Gross profit <u>18 000</u> **(2)** 

### Horizontal format acceptable

[10]

**(b)** 
$$3\% \times (18650 - 150) = 555$$

[1]

(c) Nadia Sayed Journal

Bad debts Sabar Stores Debt written off	Debit	Credit	(1)
	\$	\$	(1)
	150	150	(1)
Income statement Provision for doubtful debts Creation of provision for doubtful debts	555	555	(1) OF (1) OF (1)

[6]

(d) Ensures that the profit for the year is not overstated (1) Ensures that the trade receivables are not overstated (1)

[2]

(e) The matching principle requires the costs for the year to be matched against the revenue of the same period (1) [2]

Comment relating this principle to provision for doubtful debts (1)

[Total: 21]

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# 6 (a)

		Entries required to correct the error				
	Error	Debi	t	Credit		
		Account	\$	Account	\$	
2	Credit note, \$210, received from a supplier, Pete, entered as invoice	Pete	420 (1)	Purchases Purchases returns	210 <b>(1)</b> 210 <b>(1)</b>	
3	Total of the discount received column in the cash book, \$44, debited to discount allowed account	No entry Or Suspense	- (1) 88 (1)	Discount allowed Discount received	44 (1) 44 (1)	

[6]

(b)

Error	effect			
	overstated \$	understated \$	no effect	
1			No effect	(2)
2		420		(1) position (1) figure
				(1) position (1) figure
3		88		

[6]

Page 9	Mark Scheme	Syllabus	Paper
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(c)

ratio	Year ended 30 April 2014
percentage of gross profit to revenue (sales)	28.61% <b>(2)</b>
percentage of profit for the year to revenue (sales)	8.61% <b>(2)</b>

#### Calculations

Gross profit 39 500 – 28 200 = 11 300 (1) Percentage of gross profit to revenue (sales)  $\frac{11\ 300}{39\ 500} \times \frac{100}{1} = 28.61\%$  (1)

Profit for the year  $11\ 300 - 7\ 900 = 3\ 400$  (1) Percentage of profit for the year to revenue (sales)  $3\ 400\ 100\ 3\ 400$ 

 $\frac{3400}{39500} \times \frac{100}{1} = 8.61\%$  (1)

(d) Selling goods at higher prices
Purchasing goods at lower prices
Change in proportions of different goods
Or other acceptable reason
Or other comment based on answer to (

Or other comment based on answer to (c)
Any 1 reason (2)

[2]

#### (e) Decreased

Or other suitable answer based on answer to (c) (1)

The percentage of profit for the year to revenue (sales) decreased The percentage of expenses to revenue (sales) increased **Any 1 reason (1)** 

[2]