



ACCOUNTING

0452/23

Paper 2

May/June 2017

MARK SCHEME

Maximum Mark: 120

Published

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.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

Question	Answer						Marks
1(a)	<p style="text-align: center;">Shiromi General Ledger Rent and Account</p> <p>2017 April 4 Bank \$ 495 (1)</p> <p style="text-align: center;">Motor Vehicle Account</p> <p>2017 April 10 Bank \$ 5 500 (1)</p> <p style="text-align: center;">Sales Account</p> <p>2017 April 21 Cash \$ 600 } (1) Bank 6 000 }</p> <p style="text-align: center;">Drawings Account</p> <p>2017 April 26 Cash \$ 150 (1)</p> <p style="text-align: center;">Purchases Account</p> <p>2017 April 30 Total for Month \$ 7 460 (1)</p> <p style="text-align: center;">Purchases Returns Account</p> <p>2017 April 30 Total for month \$ 560 (1)</p> <p style="text-align: center;">Discount received Account</p> <p>2017 April 30 Total for month \$ 156 (1)</p>						13

Question	Answer	Marks																																																																																	
	<p style="text-align: center;">Purchases Ledger Lincy account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> </tr> <tr> <td style="text-align: right;">April 7</td> <td style="text-align: right;">Returns</td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">April 5</td> <td style="text-align: right;">Purchases</td> <td style="text-align: right;">3 860</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td style="text-align: right;">April 18</td> <td style="text-align: right;">Bank</td> <td style="text-align: right;">3 234</td> <td style="text-align: right;">}(1)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Discount</td> <td style="text-align: right;">66</td> <td style="text-align: right;">}</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p style="text-align: center;">Gail Account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">2017</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> <td></td> <td style="text-align: right;">\$</td> </tr> <tr> <td style="text-align: right;">April 24</td> <td style="text-align: right;">Bank</td> <td style="text-align: right;">3 510</td> <td style="text-align: right;">}(1)</td> <td style="text-align: right;">April 16</td> <td style="text-align: right;">Purchases</td> <td style="text-align: right;">3 600</td> <td style="text-align: right;">(1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Discount</td> <td style="text-align: right;">90</td> <td style="text-align: right;">}</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>+ (1) dates</p>			2017		2017		2017		2017			\$		\$		\$		\$	April 7	Returns	560	(1)	April 5	Purchases	3 860	(1)		April 18	Bank	3 234	}(1)							Discount	66	}								2017		2017		2017		2017			\$		\$		\$		\$	April 24	Bank	3 510	}(1)	April 16	Purchases	3 600	(1)			Discount	90	}						
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1(b)	<p>Decrease in inventory Decrease in bank/cash balance or increase in overdraft Increase in trade payables Increase in short term loans Increase in other payables Decrease in other receivables Purchase of non-current assets Increase in drawings Repayment of long term liabilities Note: Not decrease in trade receivables as sells for cash only Any two reasons (1) each</p>	2																																																																																	
1(c)	<p>May not be able to pay debts when they fall due May not be able to take advantage of cash discounts May not be able to take advantage of business opportunities as they arise May have difficulty in obtaining further supplies May not be able to take drawings May not have sufficient funds to pay for day to day expenses Any two points (1) each</p>	2																																																																																	

Question	Answer				Marks
1(d)		increase	decrease	no effect	4
	Take out a short-term bank loan			✓(1)	
	Repay a long-term bank loan		✓(1)		
	Sell goods on credit terms instead of for cash			✓(1)	
	Obtain a higher rate of cash discount	✓(1)			
1(e)	These are goods for re-sale/These goods are purchased for re-sale not for business use/The inventory would increase/ These are short-term assets				1
1(f)	Lower profit for the year Higher capital employed/Higher owner's capital(Equity)/Higher long term loans Any 2 reasons (1) each				2

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2(a)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: center;">Book of prime (original) entry</td> </tr> <tr> <td>Discount allowed</td> <td>Cash book (1)</td> </tr> <tr> <td>Bad debts</td> <td>General journal (1)</td> </tr> <tr> <td>Contra</td> <td>General journal (1)</td> </tr> <tr> <td>Returns</td> <td>Sales returns journal (1)</td> </tr> </table>		Book of prime (original) entry	Discount allowed	Cash book (1)	Bad debts	General journal (1)	Contra	General journal (1)	Returns	Sales returns journal (1)	4																																																																																								
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2(b)	<p>Meaning A contra entry is one which appears on the debit side of the purchases ledger control account and the credit side of the sales ledger control account. (1)</p> <p>Reason The entry is made when a sales ledger account is set off against a purchases ledger account of the same person/business. (1)</p>	2																																																																																																		
2(c)	<p style="text-align: center;">Waheed Sales ledger control account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">2017</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>March 1</td> <td>Balance b/d</td> <td style="text-align: right;">2 346</td> <td></td> <td>March 1</td> <td>Balance b/d</td> <td style="text-align: right;">140</td> </tr> <tr> <td>March 31</td> <td>Bank (dis.chq)</td> <td style="text-align: right;">350</td> <td style="text-align: right;">(1)</td> <td>March 31</td> <td>Bank</td> <td style="text-align: right;">2 145</td> </tr> <tr> <td></td> <td>Sales</td> <td style="text-align: right;">2 748</td> <td style="text-align: right;">(2)CF/(1)OF</td> <td></td> <td>Discount</td> <td style="text-align: right;">55</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">86</td> <td></td> <td></td> <td>Returns</td> <td style="text-align: right;">276</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Contra</td> <td style="text-align: right;">182</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Bad debts</td> <td style="text-align: right;">62</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">2 670</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">5530</td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">5 530</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">2017</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">2017</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td></td> <td>April 1</td> <td>Balance b/d</td> <td style="text-align: right;">2 670</td> <td>April 1</td> <td>Balance b/d</td> <td style="text-align: right;">86</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </table>			\$		2017		\$	2017				2017			March 1	Balance b/d	2 346		March 1	Balance b/d	140	March 31	Bank (dis.chq)	350	(1)	March 31	Bank	2 145		Sales	2 748	(2)CF/(1)OF		Discount	55		Balance c/d	86			Returns	276						Contra	182						Bad debts	62						Balance c/d	2 670			5530				5 530										2017	\$	2017	\$			April 1	Balance b/d	2 670	April 1	Balance b/d	86				(1)			(1)	10
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2(d)	<p>Overpayment by customer Payment made by customer without deducting cash discount Goods returned by customer after payment of balance due Payment made in advance by customer Any two points (1) each</p>	2																																																																																																		

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2(e)	Satisfied (1) Credit customers are now paying earlier/within credit period allowed/other valid answer (1)	2
2(f)	Do not have to allow Waheed cash discount May charge interest on overdue account	1
2(g)	Have to wait longer for payment/Adversely affects liquidity position Increase risk of bad debt Any 1 point (1)	1
2(h)	Waheed has the use of the funds for other purposes for 17 days Waheed does not need to use his existing liquid funds to pay suppliers Improved liquidity position Or other suitable comment Any 2 comments (1) each	2

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3(a)	<p style="text-align: center;">A1 Sports Club Receipts and Payments Account for the year ended 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">2016</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: right;">2017 April 30</td> <td style="text-align: left;">Subscriptions</td> <td style="text-align: right;">7 140</td> <td style="text-align: left;">(1)</td> <td style="text-align: right;">March 1</td> <td></td> <td style="text-align: right;">3 180</td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Sales of equipment</td> <td style="text-align: right;">430</td> <td style="text-align: left;">(1)</td> <td style="text-align: right;">2017</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Café sales</td> <td style="text-align: right;">5 280</td> <td style="text-align: left;">} (2)CF</td> <td style="text-align: right;">April 30</td> <td style="text-align: left;">Café suppliers</td> <td style="text-align: right;">3 796</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: left;">} (1)OF</td> <td></td> <td style="text-align: left;">Rates</td> <td style="text-align: right;">960</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td style="text-align: left;">Balance c/d</td> <td style="text-align: right;">2 626</td> <td></td> <td></td> <td style="text-align: left;">General expenses</td> <td style="text-align: right;">910</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: left;">Café wages</td> <td style="text-align: right;">1 040</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: left;">Loan Repaid</td> <td style="text-align: right;">1 500</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: left;">Loan interest</td> <td style="text-align: right;">90</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: left;">Equipment</td> <td style="text-align: right;">4 000</td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>15 476</u></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>15 476</u></td> <td style="text-align: left;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">2017 May 1</td> <td style="text-align: left;">Balance b/d</td> <td style="text-align: right;">2626</td> <td style="text-align: left;">(1)</td> </tr> </table>			\$		2016		\$		2017 April 30	Subscriptions	7 140	(1)	March 1		3 180			Sales of equipment	430	(1)	2017					Café sales	5 280	} (2)CF	April 30	Café suppliers	3 796	(1)				} (1)OF		Rates	960	(1)		Balance c/d	2 626			General expenses	910	(1)						Café wages	1 040	(1)						Loan Repaid	1 500	(1)						Loan interest	90	(1)						Equipment	4 000	(1)			<u>15 476</u>				<u>15 476</u>	(1)					2017 May 1	Balance b/d	2626	(1)	12
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3(b)	<p style="text-align: center;">A1 Sports Club Café Income Statement for the year ended 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: left;">Revenue</td> <td></td> <td></td> <td style="text-align: right;">5 280</td> <td style="text-align: left;">(1) OF</td> </tr> <tr> <td></td> <td style="text-align: left;">Cost of Sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Opening Inventory</td> <td style="text-align: right;">298</td> <td style="text-align: left;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Purchases (3796 (1) – 311 (1) + 393 (1))</td> <td style="text-align: right; border-bottom: 1px solid black;">3 878</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4 176</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Closing inventory</td> <td style="text-align: right; border-bottom: 1px solid black;">216</td> <td style="text-align: left;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">3 960</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Café wages</td> <td style="text-align: right; border-bottom: 1px solid black;">1 040</td> <td style="text-align: left;">(1)</td> <td style="text-align: right; border-bottom: 1px solid black;">5 000</td> <td></td> </tr> <tr> <td></td> <td style="text-align: left;">Café profit</td> <td></td> <td></td> <td style="text-align: right; border-bottom: 1px solid black;"><u>280</u></td> <td style="text-align: left;">(1) OF</td> </tr> </table>			\$		\$			Revenue			5 280	(1) OF		Cost of Sales						Opening Inventory	298	(1)				Purchases (3796 (1) – 311 (1) + 393 (1))	3 878						4 176					Closing inventory	216	(1)					3 960					Café wages	1 040	(1)	5 000			Café profit			<u>280</u>	(1) OF	8																																				
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3(c)	<p>\$7000 (1) This is the amount of subscriptions which relates to this financial year (1)</p>	2																																																																																																

Question	Answer	Marks
3(d)	Opening bank balance/closing bank balance Purchase of equipment Proceeds of sale of equipment Repayment of loan Café sales Payments to café suppliers Café wages Subscriptions accrued at the start of the year Any five items (1) each	5

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4(a)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 40%;"></td> </tr> <tr> <td>Premises</td> <td style="text-align: right;">58 500</td> <td></td> <td></td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;">9 400</td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">9 700</td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right; border-bottom: 1px solid black;">8 120</td> <td style="text-align: right;">85 720</td> <td></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">7 100</td> <td></td> <td></td> </tr> <tr> <td>Loan</td> <td style="text-align: right;">15 000</td> <td></td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right; border-bottom: 1px solid black;">5 300</td> <td style="text-align: right; border-bottom: 1px solid black;">27 400</td> <td></td> </tr> <tr> <td>Capital</td> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">58 320</td> <td style="text-align: right;">(1)</td> </tr> </table>		\$	\$		Premises	58 500			Fixtures and fittings	9 400			Inventory	9 700			Trade receivables	8 120	85 720		Trade payables	7 100			Loan	15 000			Bank overdraft	5 300	27 400		Capital		58 320	(1)	1
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5(e)	Error	Profit for the year \$	Non-current assets \$	Current assets \$	Current liabilities \$	10
	1	281 overstated	281 overstated	No effect	No effect	
	2	100 overstated (1)	No effect	100 overstated (1)	No effect	
	3	No effect	No effect	150 understated (1)	No effect	
	4	90 understated (1)	No effect	No effect	No effect	
	5	1024 overstated (1)	No effect	No effect	No effect	
	6	No effect	No effect	4 120 overstated (2) Or 2 060 overstated (1)	4 120 overstated (2) Or 2 060 overstated (1)	
	7	454 understated (1)	No effect	No effect	No effect	