MARK SCHEME for the May/June 2013 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.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.



Page 2	Mark Scheme	Syllabus	Paper
	IGCSE – May/June 2013	0452	22

1 (a)

Nathar	i Kershaw	
Income Statement for the	year ended 31 Ma	rch 2013
	\$	\$
Income from clients		94 060 (1)
Commission received (1050 (1) + 190 (1))		<u> 1 240 </u>
		95 300
Wages (42 000 (1) – 7800 (1))	34 200	
Office expenses (6250 (1) + 540 (1))	6 790	
Rates and insurance (10 000 (1) – 600 (1))	9 400	
Depreciation –		
Motor vehicle (25% × (12 480 – 5460))	1 755 (2)	
Office equipment ($15\% \times 9800$)	1 470 (2)	<u>53 615</u>
Profit for the year		<u>41 685</u> (1) OF

[14]

(b)

	Effect on profit for the year				
Error	Overstated \$	Understated \$	No effect		
2		210 (2)			
3	10 (2)				
4	150 (2)				

[6]

[Total: 20]

	Pag	e 3		N	Mark Sc	heme			Syllabu	IS	Paper	r
				IGCSE	E – May	/June 2	013		0452		22	
2	(a)	F	Receipts and	d Payme	ents Acc		sic Club the year	ended	28 February	•		
					\$					\$		
	N 2	2012 Mar 1 2013	Balance b		3 090		2013 Feb 28		shment	2 200	. ,	
	ł	-ed 28	Subscriptio Subscriptio Concert ticl Sale of Instrumer Refreshme	ons kets nts	5 000 550 1 960 190	(1) (1)		Conce Gene	pliers ert expenses ral expenses ce c/d		(1)	
		040	revenue*		2 750 13 540	(2) CF	(1) OF			<u>13 540</u>		
		2013 Mar 1	Balance b	o/d	4 790	(1) for	both bal	ances				
	-	⊦ (1) da	tes									[13]
			Accept any	y reaso	nable w	ording	– e.g. sa	les ins [.]	tead of sale	e of inst	ruments	6
	(b)											
			Osfé li			-	lusic Club		Eshmismi O(110		
			Cate Ir	ncome S	statemei	nt for the	e year en \$		February 20 \$	513		
	Cos Ope	venue et of sale ening inv chases		70 (1))			190 <u>1120</u>	27	750 (1)OF			
	Les	s Closin	ig inventory				1310 <u>260</u> 1050					
	Dep		penses (¼ > n fixtures ar fé (1)		s (2600	– 2150)	865) <u>450</u>	(1) <u>23</u>	<u>365</u> 385 (2CF/1C	DF)		[8]
											[Tota	l: 211
											L	

- 3 (a) Dishonoured cheque a cheque which the bank refuses to pay (1) Cheque not presented – cheque paid by the business but which has not yet been presented to the bank for payment/not yet paid by the bank (1) [2]
 - (b) Standing order an instruction by a customer to the bank to pay fixed amounts at stated dates to a named person or firm (1)
 Direct debit authority given to the bank to make payments (at irregular dates and amounts) on request by a named person or firm (1) [2]

April 30 PurchasesSafiya Shendi withdrew goods (1) for her own use (1).April 30 Loss	Page 4		Mark Sche				Syllabu	S	Paper	
Cash Book (bank columns only) \$ 2013 May 1 Balance b/d 2141 (1) May 1 Error correction (1) 1000 (1) Rent 280 (1) Aziz & Co (1) 110 (1) Balance c/d 751 2013 May 1 Balance b/d 751 (1) OF (d) Bank Reconciliation Statement at 30 April 2013 Ealance shown on bank statement (1) 661 (1) Add Cheques not presented – Assistant's salary 450 (1) Bank error (1) Eank Reconciliation Statement at 30 April 2013 Balance in cash book (1) $\frac{10}{1211}$ Less Cheques not presented – Assistant's salary 450 (1) Balance in cash book (1) $\frac{10}{1211}$ Less Cheques not presented – Assistant's salary 450 (1) Balance in cash book (1) $\frac{53}{1211}$ Less Cheques not presented – Add Cheques not presented – Add Cheques not redited – Khalid $\frac{53}{1211}$ Less Cheques not redited – Khalid $\frac{53}{1211}$ Less Cheques not redited – Khalid $\frac{53}{1211}$ Less Cheques not redited – Khalid $\frac{530}{1211}$ Less Cheques not redited – Khalid $\frac{10}{1211}$ Less Cheques not redited – Khalid $\frac{10}{1211}$		IG	SCSE – May/J	une 2	013		0452		22	
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This is the loss for the year (1) which reduces Safiya Shendi's capital (1) in the business. [2]	-		yoous (1) 101		wii use	; (1).				[4]
[Total: 25]	•		vear (1) which	reduce	es Saf	iya Shend	di's capital (1)) in the	business.	[2]
		-							[Total·	251
										20]

Pa	age 5	Mark Scheme		Syllabus	Paper
		IGCSE – May/June	2013	0452	22
l (a)	Calculation of credit purchases (suitable alternative presentations acceptable) Payments to credit suppliers Discounts received from credit suppliers Returns to credit suppliers Trade payables at 30 April 2013 Credit purchases for the year		eptable)	34 42 88 1 25 <u>2 95</u>	0 (1) 0 (1)
(b)		ion of amount received from cred e alternative presentations acc			
	Trade re Bad deb	ales for the year ceivables at 30 April 2013 ts s from credit customers	\$ 4 600 (1) <u>210</u> (1)		\$ 55 490 (1) <u>4 810</u> <u>50 680 (2)CF</u> (1)OF [5]
(c)		ion of expenses paid e alternative presentations acc	eptable)		
		ntroduced s from credit customers	\$	\$ 80 000 (1) <u>50 680</u> (1)OF 130 680	
	Paymen	rent assets ts to credit suppliers at bank 30 April 2013 es paid	55 000 (1) 34 420 (1) <u>27 940</u> (1)	<u>117 360</u> <u>13 320</u> (2)CF (1)OF	

(d) To apply the principle of prudence
 To ensure that the current assets are not overstated
 To ensure that the profit is not overstated
 Inventory should be valued at the lower of cost and net realisable value

Any 2 reasons (2) each

[4]

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(e)

	Overstated	Understated	No effect
Profit for the year ended 30 April 2013 Profit for the year ended 30 April 2014	√(2)	√(2)	

[4]

[Total: 28]

 (f) Assessment of the liquidity position Identify how long it takes to pay credit suppliers Identify future prospects of the business Establishment of a credit limit

Any one reason (2)	[2]

- 5 (a) To see the average time the trade receivables take to pay their accounts. [1]
 (b) No (1) She has to wait 6 more days (1) for them to settle their accounts. (1) [3]
 (c) No (1) unless justified by suitable reason
 - It is shorter than the payment period for the previous year (1) but is still 10 days longer than the period of credit allowed. (1) [3]
 - (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 in obtaining further supplies

Or other suitable explanation Any 1 point (2)

[2]

Page 7	Mark Scheme	Syllabus	Paper
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(e)

Transaction	Effect on working capital	Reason
Goods, \$135, were purchased on credit from Abu & Co	No change (1)	Current assets increase Current liabilities increase by same amount (1)
Paid \$280 to Farouk, a credit supplier, in full settlement of \$300 owing	Increase \$20 (1)	Current assets decrease by \$280 Current liabilities decrease by \$300 (1)
Withdrew \$150 from the bank to restore the petty cash imprest	No change (1)	No change in current assets (bank decreases and petty cash increases) No change in current liabilities (1)

[6]

(f) Satisfied: Yes (1)

The profit earned for every \$100 used in the business has increased/the business is more profitable (2)

OR The capital is now being used more efficiently (2)

[3]

(g)

Transaction	Effect on return on capital employed		Reason
Additional capital, \$10 000, was placed in the business bank account	Decrease	(1)	No change in profit for the year (1) Capital employed has increased (1)
Fixtures, \$500, were purchased by cheque	No change	(1)	No change in profit for the year (1) No change in capital employed (non-current assets increase and current assets decrease) (1)

[6]

(h) Only items which can be recorded in monetary terms are shown in the financial statements (1)

There are many important factors which influence the performance of a business which will not appear in the financial statements. (1) [2]

[Total: 26]